

2006

# *Cost of Doing Business Survey*

*For the Retail Jeweler*  
*Version 2.0 Issued September 1, 2006*



*Sponsored by  
Jewelers of America  
Based on 2005 Financial Data*

## ABOUT THIS REPORT

The JA *2006 Cost of Doing Business Survey* represents the most complete, accurate and up-to-date comparative financial information available to retail jewelers anywhere. This study, based on 2005 financial data, is designed to serve as an easy-to-understand tool for retail jewelers. Using this tool when evaluating company performance will pinpoint strengths, weaknesses, and improve competitiveness.

A total of 314 companies participated in the JA *Cost of Doing Business Survey* for 2006. All JA members received a copy of the questionnaire used to gather the data underlying this report. Each JA member was mailed a second copy of the questionnaire in an effort to increase participation. Further, a sample of members was called in order to encourage responses.

JA wishes to thank all members who participated in the study. As the level of participation increases, accuracy improves and the alternatives for analysis increase.

Retail jewelers responding to the study were categorized into major industry formats to encourage and facilitate peer comparisons. This enhances the usefulness of the analysis. Also, JA continues to look at additional ways in which the data can be examined.

As in previous years, the report includes key performance measures, numerous productivity ratios, financial strength indicators, and balance sheet data. The 2006 study is similar in scope and content to that of previous years, facilitating comparisons with previous periods. Due to a smaller sample size, some analysis has been eliminated.

Advantage Marketing Information, a marketing research and information-consulting firm based in Wickford, Rhode Island, prepared the JA *2006 Cost of Doing Business Survey*. Design was handled in conjunction with JA.

All individual responses were treated confidentially. No information has been identified in any way by store/corporate name.

Additional copies of this report are available from Jewelers of America at (800) 223-0673.

# Jewelers of America 2006 Cost of Doing Business Survey

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**THE RESPONDENTS**

In order to make informed decisions, it's useful to know who has responded to the study. In this case, a broad cross-section of businesses from all over the country responded to this study. Their answers appear logical and consistent from year to year.

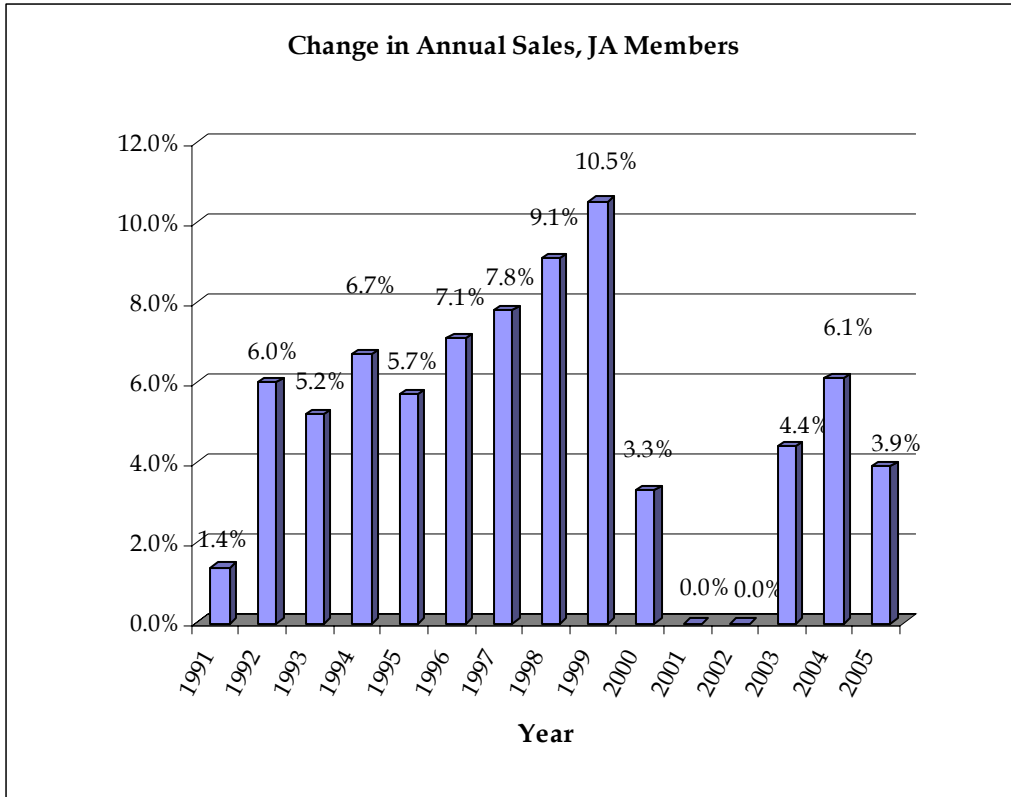
**Survey Demographics**

	<b>Number</b>	<b>Percent</b>
All Reporting Firms	314	100%
High Profit Firms	88	28%
By Store Type		
Independent High End	87	27.8%
Independent, Mid Range	178	56.9%
Designer, Artist, Custom	19	6.1%
Jewelry Chains	20	6.4%
Other	10	2.9%

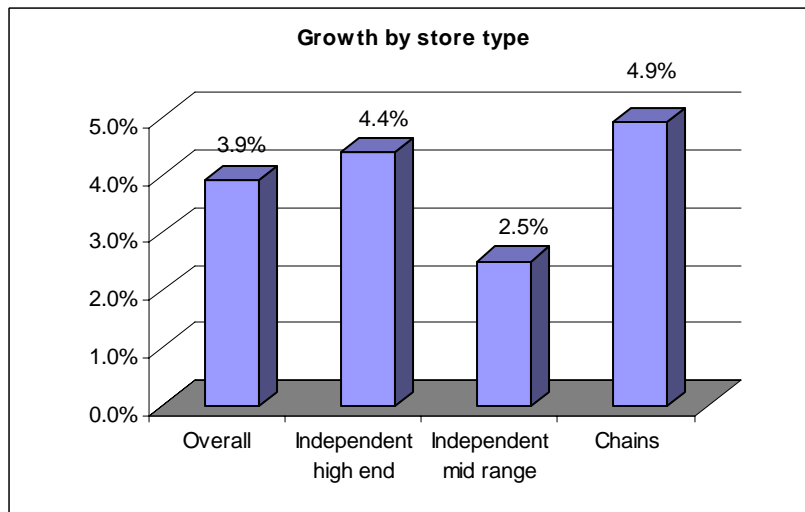
Note: This report is an updated version (Release 2.0), which contains additional respondents and supersedes version 1.0 issued in July 2006.

**OVERVIEW**

The industry continues to grow below the level of the 1990s with current year growth estimated at 3.9%. 2005 was once again more challenging than the previous two years.

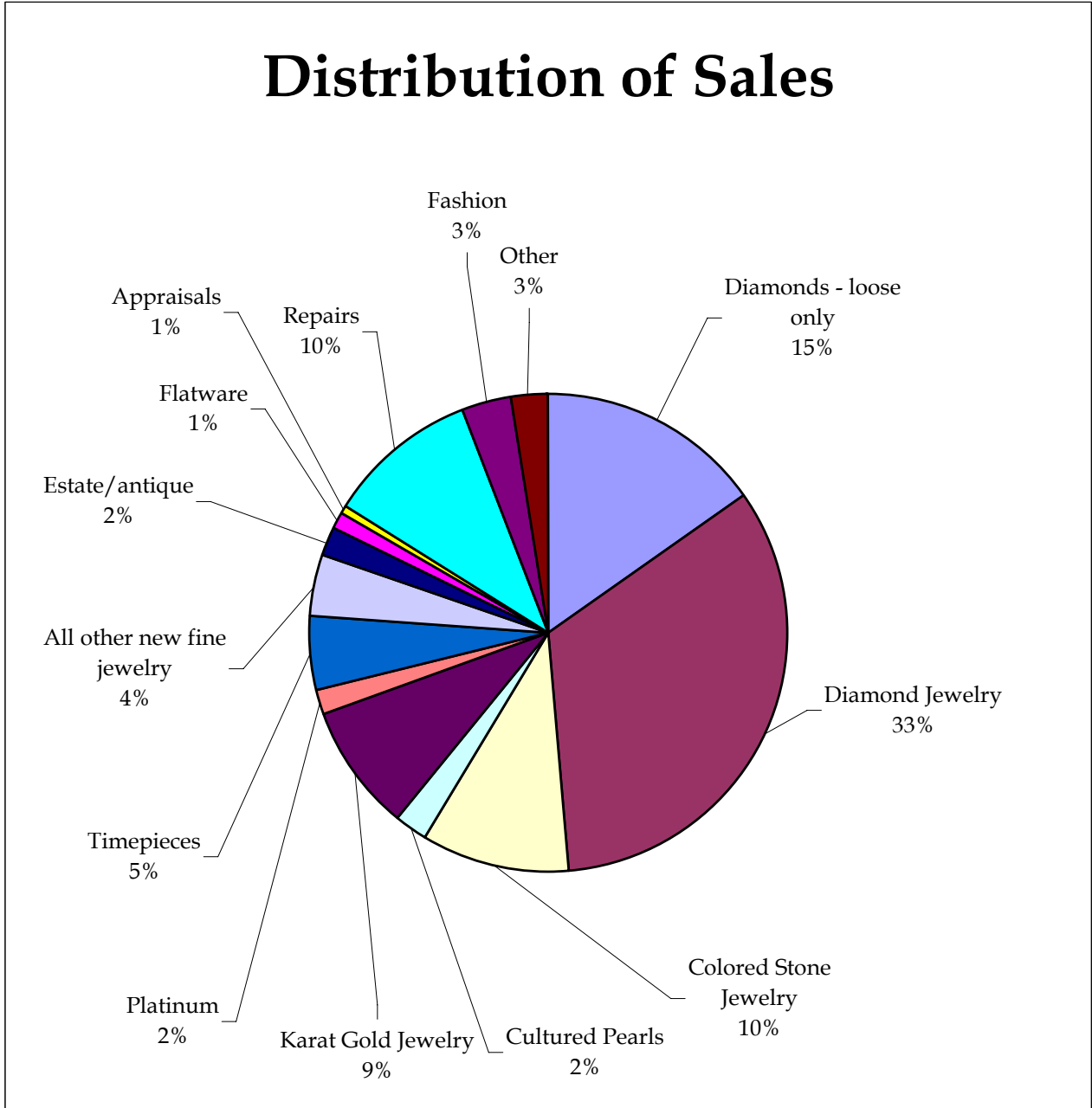


While not every jeweler enjoyed a sales increase in 2005, at least every membership category saw growth. In 2005, chains and independent high end achieved the highest median growth.



**DISTRIBUTION OF SALES**

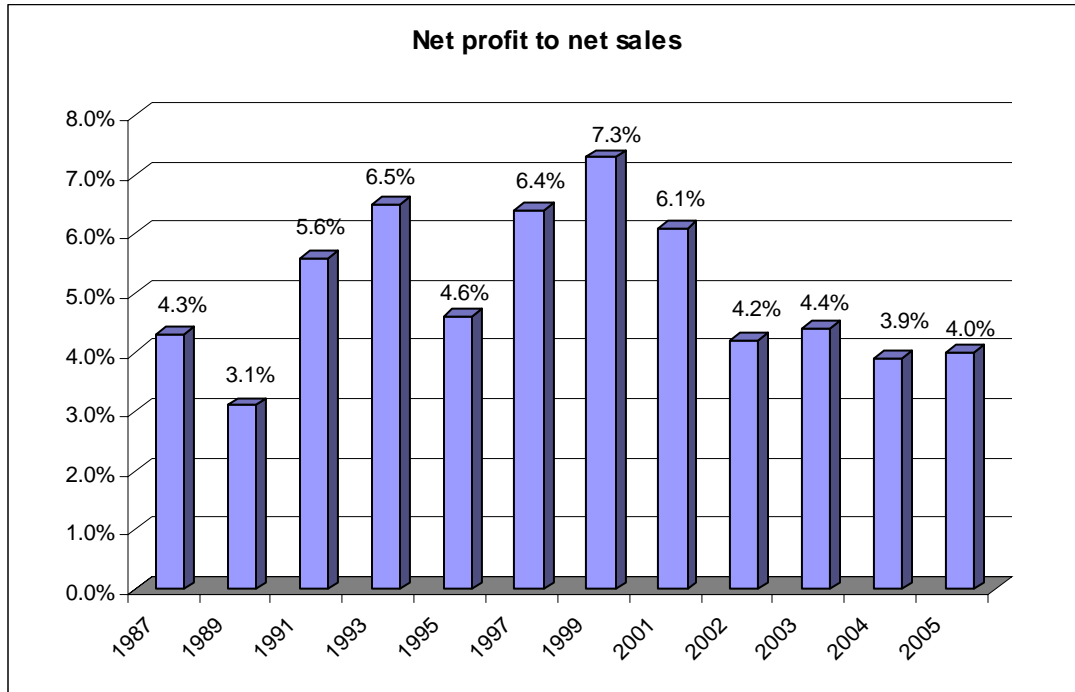
Diamond jewelry and loose diamonds continue to represent the largest category of sales for JA member jewelers. To better understand the origin of sales at JA member stores, the number of sales categories was expanded from previous years.



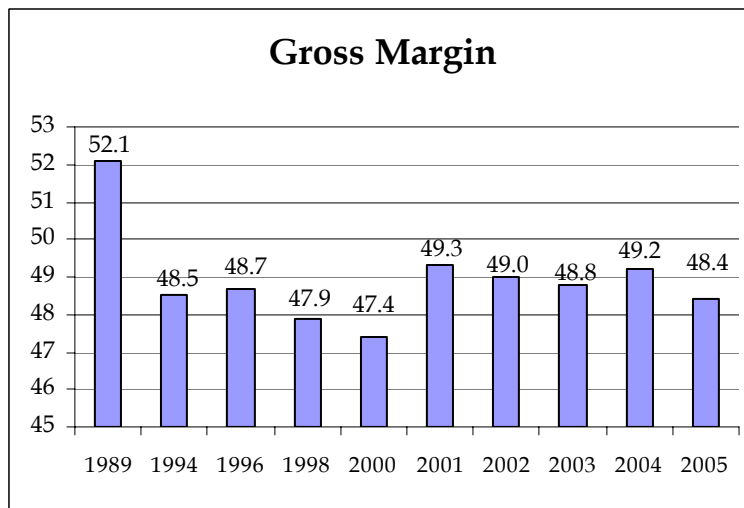
The sales of timepieces has stabilized – and even increased slightly; members are holding their own or doing better with the category overall. As a percentage of overall sales, diamond jewelry declined slightly, while sales of loose diamonds edged up a point over the previous year.

**MANAGING THE BUSINESS**

The profitability of JA member firms has not returned to the “glory days” of the late 1990s. Profitability in 2005 was consistent with the last several years and beat 2004 slightly (by 0.1%).

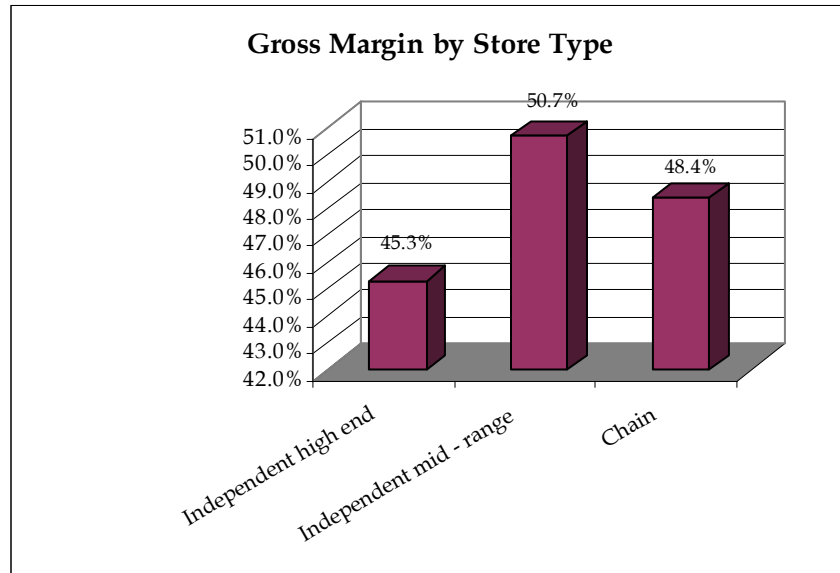


Managers continue to hold gross margins at about the same level, although they are down from those seen in the 1980s...and the lowest since 2000. Margin management is critical to achieving improved industry profitability. Margins are the lowest they’ve been since 2000.



**A COMPARISON OF JEWELRY STORE FORMATS**

Independent mid-range stores are showing the best margins during the current cycle. Chains improved margin slightly over last year (to 48.4%). The other sectors were essentially flat.



Examining financial results by category of retailer shows some dramatic differences as well as similarities in operating performance. Therefore, careful analysis of the summary numbers in conjunction with the category closest to your business is very important.

	All Firms	Independent High-end	Independent Mid-range	Chains
EBIT to Total Assets	7.5%	5.2%	9.6%	5.8%
Profit Before Tax	4.0%	2.9%	5.4%	2.6%
Gross Margin	48.4%	45.3%	50.7%	48.4%
Asset Turn	1.6X	1.7X	1.6X	1.5X
Inventory Turn	1.2X	1.3X	1.1X	1.2X
Sales per Square Foot-Total	\$478.81	\$687.19	\$405.30	\$866.80
Sales Per Store	\$896,673	\$1,682,100	\$692,250	\$1,838,531
Sales per Full Time Employee	\$205,002	\$281,587	\$180,816	\$227,031
Sales for All Employees	\$161,515	\$214,992	\$137,592	\$198,429
Payroll As a Percentage of Sales	20.7%	18.7%	21.5%	21.6%
Typical Store Size - Square Feet	2,000	2,434	1,800	2,019
Employees	5.6	6.6	5.0	9.8
Sales Growth	3.9%	4.4%	2.5%	4.9%



## AN ANALYSIS OF HIGH-PROFIT VERSUS LOWER-PROFIT FIRMS

It's important to know where your company stands today. It's also useful to be aware of the financial profile of those companies earning above average returns. Hopefully, your firm is represented in this group. If not, then comparing your key financial numbers to the profit leaders' will also suggest areas for improvement.

It is important to emphasize that understanding *why* companies are achieving above average performance is the key. There may be more than one explanation – and simply following another's lead is not always profitable or correct. However, profit leaders provide benchmarks that may be used in analysis, goal setting, and the development of strategy and tactics.

After using financial analysis to identify areas that need your attention, it is then possible to fix these problems or address the opportunities. You'll be able to identify specific marketing, management, or other changes that will have an impact on your business. Monitor success by reviewing your financial performance regularly. *What is clear from the profiles is that profitability problems arise not just because of sales issues – but also because of across-the-board cost management issues.*

High-profit firms are those in the upper 50% of all companies as ranked by the ratio of earnings before interest and taxes [EBIT] to total assets. When firms are sorted by this measure they show very different operating ratios.

### *Comparative Financial and Operating Ratios for 2005 High-Profit versus Low-Profit Firms*

Performance Measure	High-Profit Firms	Low-Profit Firms
EBIT to Total Assets	14.9%	2.7%
Net Profit Before Taxes to Net Sales	7.6%	0.7%
Asset Turnover (net sales/total assets)	1.8X	1.5X
Inventory Turnover	1.3X	1.1X
Sales Per Square Foot – Total	\$566.44	\$483.43
Sales Per FT Employee	\$223,809	\$205,002
Sales Growth	7.1%	1.8%
Total Debt to Total Assets	45.3%	55.8%
Current Ratio	2.8	2.9
Sales Per Store	\$1,105,251	\$1,160,240
Store Size	2,029	2,228

*The "median" is the statistical measure used to calculate central tendency. It is the mid-point for a data set; one-half of the firms report figures above it and one-half below it. For each statistical measure and ratio, each median was independently calculated. As a result of using medians, component figures for any particular category (ex. Operational expense) may not total to 100 percent and normal mathematical relationships do not always exist.*

## Jewelers of America 2006 Cost of Doing Business Survey

Comparing income statements between high-profit and low-profit firms is also telling. Managing any business requires attention to detail. This is true for retail jewelers as well. Inattention to operations resulting in *small* cost increases in a number of areas appears to explain much of the difference between being very profitable and not profitable. *Low-profit does not mean low sales volume.*

Again, it is important to note that there may be several contributing factors for a number that appears out of line. Brainstorming ideas is often a good approach before deciding which way to handle a problem.

For example, many people immediately assume that if payroll costs are high as a percentage of sales, then the correct action is to lay off employees or cut employment. In fact, other actions might be more effective. For example, the store may be open the wrong hours or open too many hours for the trading area. Perhaps there are times of the year during which the store is not promoting itself correctly and, therefore, is missing sales opportunities (which reduces sales, thereby increasing labor costs as a percentage of sales). Look broadly for solutions and select actions that make the most sense based on *both the numbers and your understanding of your business.*

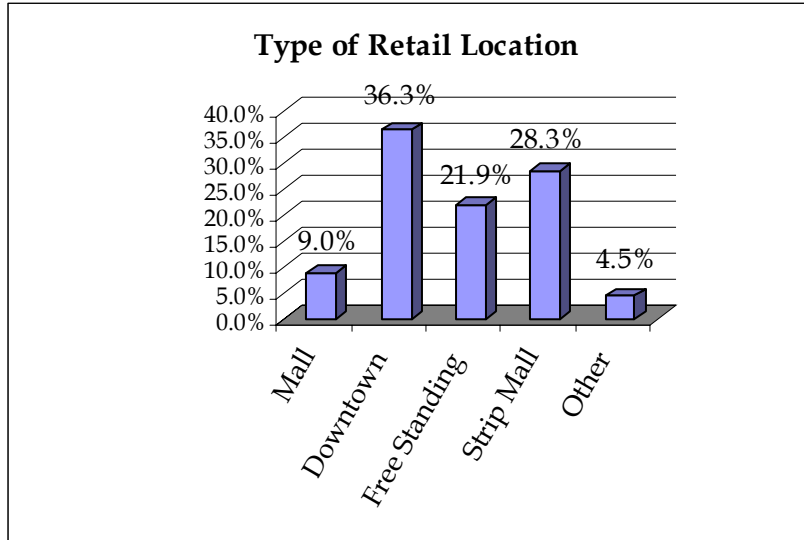
### ***Comparative Income Statement For 2005 High-Profit versus Low-Profit Firms***

	High-Profit Firms	Low-Profit Firms
Net Sales	100%	100%
Cost of Goods Sold	50.0%	53.4%
Gross Margin	50.0%	46.6%
Operating Expenses:		
Payroll (Incl. Benefits)	18.8%	22.0%
Occupancy	4.7%	5.6%
Advertising & Promotion	5.1%	4.8%
Employee Training & Ed.	0.2%	0.2%
Other	8.9%	10.7%
Total Operating Expense	39.4%	45.6%
Operating Profit	8.9%	1.4%
Interest Expense	1.0%	1.2%
Other Income/Exp.	0.1%	0.5%
Profit Before Taxes	7.6%	0.7%

*The “median” is the statistical measure used to calculate central tendency. It is the mid-point for a data set; one-half of the firms report figures above it and one-half below it. For each statistical measure and ratio, each median was independently calculated. As a result of using medians, component figures for any particular category (ex. Operational expense) may not total to 100 percent and normal mathematical relationships do not always exist.*

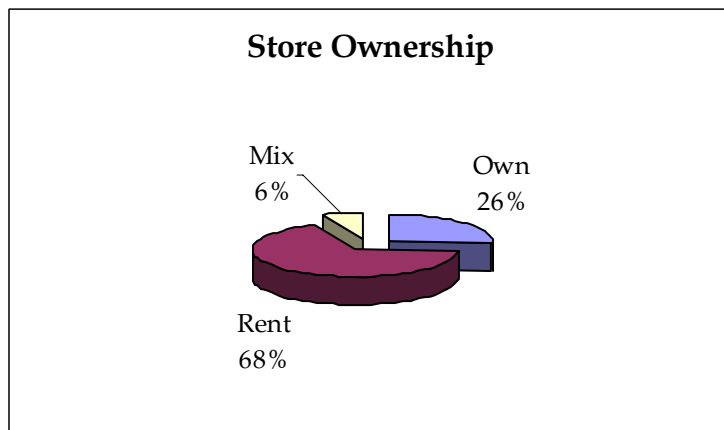
**SURVEY DEMOGRAPHICS**

Downtown merchants represent the largest group of respondents. Strip malls represent the next largest category of respondents.



While chains represent only 9% of the respondents, each chain has multiple stores - 66.7% of which are located in malls. Therefore, the data actually covers more mall based than non mall based stores.

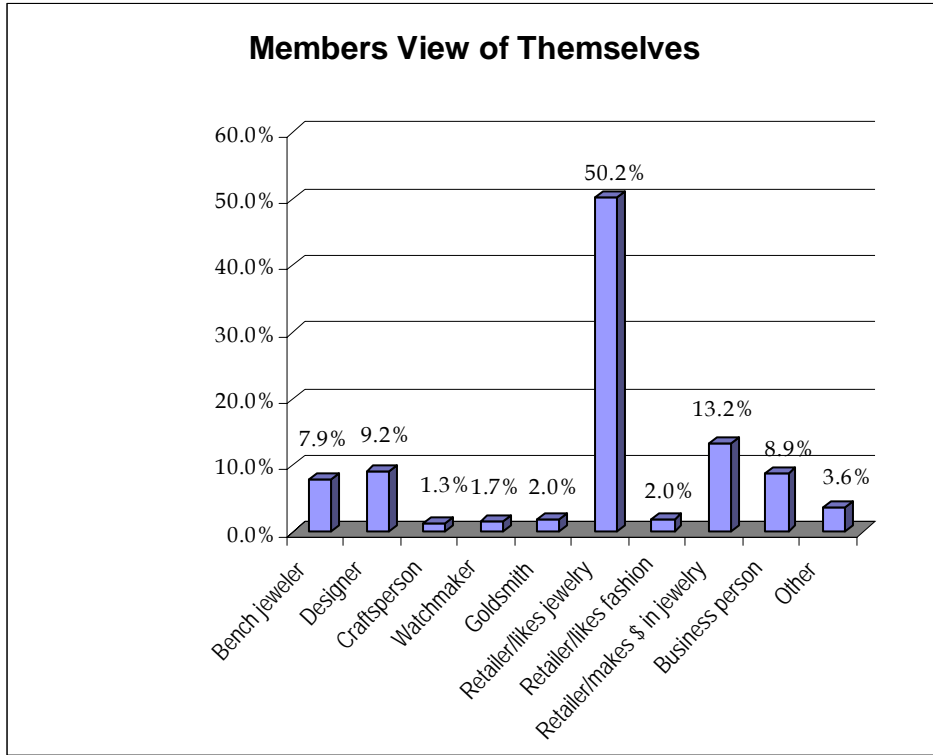
Most members rent their stores. Most chains rent - some have a combination of owned and rented facilities. Independent mid-range and independent high-end firms are most likely to have made the investment in purchasing their stores.



Ninety percent (89.8%) of the respondents consider themselves to be family businesses. Most are Sub S-corporations (38.6%) or C-corporations (40.2%). LLCs (6.8%), sole proprietorships (13.5%) and partnerships (1.0%) are not popular forms of business organization in the retail jewelry industry at this time.

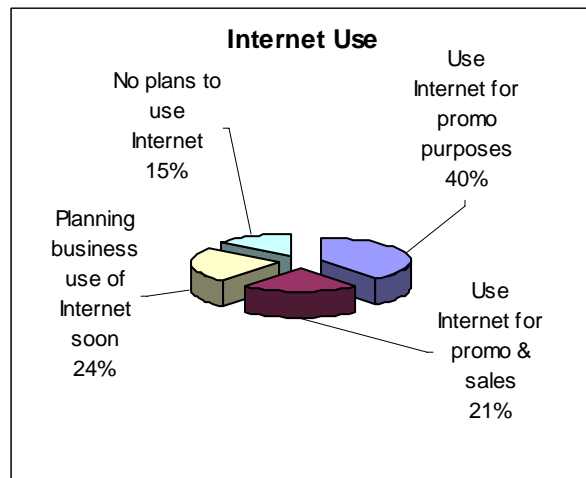
## Jewelers of America 2006 Cost of Doing Business Survey

Most JA members think of themselves as retailers who have an affinity for jewelry or as a retailer/merchant who is currently in the jewelry business. For the most part, members are people who *want* to be dealing in and with jewelry.



A substantial 78.9% of JA member jewelers are making their own jewelry...with a few making all the jewelry they sell. However, median sales of “made” versus “purchased” jewelry are only about 10% of sales. For most (88.2%), this jewelry is sold to consumers only. However, the rest will sell both to consumers and other jewelers.

Also worthy of note, jewelers went through a period of growth in the use of the Internet. This growth has leveled off. Very few members are getting a significant percentage of their sales from alternative channels of distribution (i.e. Internet).



## **USING THE JA 2006 COST OF DOING BUSINESS SURVEY**

### ***Getting Started***

The information contained in this section can be used for several purposes:

- It assists retail jewelers in becoming familiar with the basic measures used to gauge the performance of a business.
- It helps retailers compare their own ratios and data with information contained in the detailed tables.
- It can assist retail jewelers in setting up a chart of accounts, allowing for better measurements of business activity and comparisons with industry standards.

In short, this section will help you to more effectively use the information contained in the *JA 2006 Cost of Doing Business Survey*. The primary purpose of the survey is quite simple – to help you operate your business more profitably. Increasing profitability demands that retailers judge where opportunities for improvement lie and prioritize them.

Comparing your financial performance to others is one of the most effective ways to identify potential for profitability improvements. This involves comparing your financial and operating results to industry averages, sometimes called composites or typical results. Spotting significant discrepancies can be the first step toward improving performance.

Keep in mind that deviations from industry norms do not automatically call for action on your part. The most important thing is to be able to explain why your firm experienced significant deviations from the typical retail jeweler.

## USING THE JA 2006 COST OF DOING BUSINESS SURVEY

Follow this procedure to begin your analysis:

**First**, gather all your financial and operating results for 2005. If you participated in the latest JA *Cost of Doing Business Survey*, this has already been done.

**Second**, calculate the performance measures for your firm used in this report (if you participated in the survey and filled out the survey form completely, most of these calculations have been done).

**Third**, determine which type of store you operate; compare your data with those stores similar to yours. There are separate sections of detailed tables included in this report that correspond to the major types of stores operated by retail jewelers. You need only refer to the section of the report that corresponds to the type of store you operate (unless you operate more than one type).

### *How the Tables Are Organized*

The *2006 Cost of Doing Business Survey* includes comprehensive data designed to help you evaluate your performance relative to comparable firms. Again, the goal is to identify areas for improvement. The data provides broad performance yardsticks against which a company's performance can be measured. However, in order to use this information to its maximum advantage it is important to understand *what the numbers mean and how to interpret them*.

There are separate sections of detailed tables [p.25-60] for each major store type: High-end Independent (formerly referred to as Guild), Mid-range Independent, Jewelry Chain, and Designer/ Artist/Custom. Insufficient data was received to provide detailed tables for stores in the mass merchant category. Wherever sample sizes are sufficient and the information is relevant, the data within each of the reports is organized into two separate sets or groups:

**All Reporting Firms** - The data for all reporting firms of particular store type are analyzed as a single group.

**Sales Volume** - There are often substantial differences in the operation of smaller versus larger firms. Focus on firms of similar size.

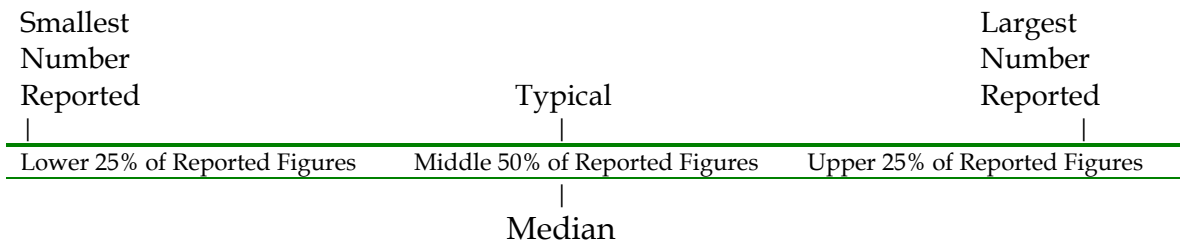
In addition to the store type sections, there is also a section for all jewelry stores combined and a section containing statistics for the high-profit companies.

USING THE JA 2006 COST OF DOING BUSINESS SURVEY

*Interpreting the Numbers*

Many of the performance indicators included in this study are reported on the basis of medians rather than arithmetical averages or means. Unlike the mean, the median is not distorted by a few unusually high or low values that may exist in the sample due to special circumstances. The “median” figure represents the mid-point for a data set; one-half of the firms report figures above it and one-half below it. Each median was independently selected from its own array of figures. As a result, **component figures of an item may not necessarily total to 100 percent and normal mathematical relationships do not always exist.**

Also included for some of the performance indicators is the “Middle Range.” This represents the experience of the middle 50 percent of all firms in the data grouping when items are arranged numerically from lowest to highest.



As you compare your own data versus the industry medians and “middle range,” several important points need to be recognized:

1. Remember that a deviation between your figure (for any performance measure) and a number appearing in a table is not necessarily good or bad; it is merely an indication that additional analysis may be needed. As a rule, the larger the discrepancy, the greater the need for additional scrutiny.
2. In cases where you determine that potentially serious deviations do exist, it may be helpful to go back and calculate the same performance measure for your firm over the past several years in order to identify any **trends** that may exist.
3. The information contained in this report should be used as **guidelines**, rather than absolute standards. Since firms differ depending on their merchandising mix, their location, their size and other factors, any two firms can be successful, yet some of their performance measures may differ greatly.

**USING THE JA 2006 COST OF DOING BUSINESS SURVEY**

***Practical Analysis of Financial Information***

Most of the key measures of financial performance are based on the two primary financial statements, plus some supplementary information. The financial statements are, of course, the income statement (sometimes called the P&L or operating statement) and the balance sheet (often called the statement of financial position). The only other information needed is usually readily available, such as the number and size of stores operated, and employment.

Naturally, financial analysis becomes more complex as you get more detailed. For example, much more detailed information needs to be kept to do analysis of profitability by product line. The rather ironic aspect of financial analysis is that the most important ratios are the easiest to calculate.

**Using Ratios**

While it is extremely important to analyze financial information in dollars, percentages and ratios must be used if the data is to be compared with past performance or industry standards. For example, it's important to know annual payroll expense, but it is even more essential to compare this expenditure with the value it produces. A useful measure for effectiveness of payroll expense is the revenue generated by it. Therefore, a ratio such as payroll expense as a percent of net sales helps determine how efficiently a company utilizes its payroll dollars over time or compared with the industry as a whole.

In addition, just as dollar figures are not fully meaningful by themselves, ratios should not be used in isolation. In combination they give an extremely accurate overall picture of financial performance and financial position. Financial performance refers to how a company performs over a period of time (generally one year) and financial position refers to financial strength at a given point in time.

**Key Performance Ratio Analysis**

The "Key Performance Measures" included in this report provide key ratios for comparing a company's performance with industry norms in each of three areas: profitability, productivity, and financial management. In using this report, it is recommended that the retailer prioritize time and effort by starting with the Key Performance Measures. As discrepancies are identified between a company's performance measures and the industry norms, it should become obvious which other tables of this report need to be examined in detail.



*USING THE JA 2006 COST OF DOING BUSINESS SURVEY*

**Profitability**

It is most useful to look at profits in comparison to some other quantity. The most frequently cited is net profit margin, or net profit as a percent of sales. This ratio measures the difference between what a company receives in revenues and spends over a period of time. It is highly dependent on pricing policy and expense control. In other words, if gross margin increases or expenses decrease as a percent of revenues, net profit margin will rise. Profit before income taxes is preferred, as non-operational issues often influence income tax in a small business. Net profit margin is a good measure of how well gross margin and expenses are managed.

Perhaps the best measure of overall profitability is return on investment (ROI). The two most important measures of ROI are return on assets and return on net worth. Return on assets is defined as either annual 1) profit before tax or 2) profit before tax and interest divided by end-of-year total assets. It is an excellent indicator of the percentage return on total assets employed in the business. In addition, profit before taxes and interest divided by total assets is an even more "pure" look at the operational efficiency of the business, because the amount of interest paid depends on the amount of debt the business needs or wishes to incur. This is a matter of financial policy and is not directly related to the operational efficiency of the business.

While return on assets measures ROI from a business management standpoint, return on net worth is the best measure of return to the owners. It is defined as profit before tax to net worth. Return on net worth is the percentage return to the owner compared with the amount that they have invested in the business.

**Productivity**

Productivity is simply the output produced given the input. As a rule, the more output produced per labor hour, employee, dollar investment or other input, the more profitable the company. Retail jewelers always need to strive to improve the productivity of their three principal assets: space, inventory, and personnel. But in order to improve productivity, you first have to measure it.

The most common measures of space productivity are sales per square foot and gross margin per square foot. Use total store area as the denominator in these ratios. Use caution as you compare these ratios from year to year. Just because these productivity measures increase year to year does not mean real productivity increases are being realized. Inflation will automatically cause these

**USING THE JA 2006 COST OF DOING BUSINESS SURVEY**

ratios to rise artificially. In order to measure true space productivity changes, deflate sales and gross margins.

Inventory productivity is best measured by inventory turnover, defined as the cost of goods sold divided by either ending or average inventory. This ratio shows how rapidly inventory is moving.

However, there is more than just a productivity dimension to inventory. Profitability needs to be considered as well. Consider the following example:

Company A has inventory turnover of 1 and Company B achieves 2 turns. Does Company B have higher inventory productivity than Company A? The answer is yes, but Company B may not have more inventory profitability. Inventory profitability depends on both turnover and gross margin.

A good measure of inventory profitability is gross margin return on inventory (GMROI). It is calculated by dividing gross margin in dollars, by average inventory. GMROI will indicate whether an adequate gross margin is being earned compared with the investment of inventory required to generate those margin dollars.

Personnel productivity can be measured in numerous ways. The easiest and most common methods are:

**Sales per employee** - a good overall measure, but subject to distortion by inflation as described under space productivity. Always use full-time equivalents for employees.

**Gross margin per employee** - another good overall measure, but can also be distorted by inflation.

**Payroll as percent of net sales** - complements the previous measure by adding the dimension of compensation levels instead of just numbers of salespersons. It's not distorted by inflation.

**Asset turnover** (net sales divided by total assets) - presents a good overall indicator of total company productivity. The ratio tells us how many dollars in sales are being generated by each dollar of assets employed in running the business.

*USING THE JA 2006 COST OF DOING BUSINESS SURVEY*

**Financial Management**

Liquidity and leverage are two financial management issues of primary importance to retail jewelers. Liquidity describes the short-term financial strength of the firm. It is your ability to meet short-term obligations out of currently available funds. Two liquidity measures are very commonly used.

**Current Ratio** (current assets divided by current liabilities) - This measures the extent to which fairly liquid assets (all current assets) exceed current debt.

**Quick (or acid test) ratio** (defined as current assets less inventory divided by current liabilities) - This ratio eliminates inventory from the numerator because it is not extremely liquid, and compares the result with current debt. Therefore, the quick ratio is often considerably lower than the current ratio.

**Leverage** is merely the extent to which a company is financed by debt as opposed to owner's funds. It is the amount of liabilities in relation to the amount of net worth on the right hand side of the balance sheet. The most significant ratio of overall company leverage is **Total Debt to Total Assets**. The higher this ratio, the higher the leverage (the proportion of debt compared to net worth).

Another important financial ratio is **Inventory to Net Working Capital**. Since jewelers typically have a large percent of their assets tied up in inventory, this ratio indicates the proportion of working capital that is vulnerable to slow movement or inventory write-downs.

*Improving Performance Based on Key Performance Measures*

It is very important to remember that while the key performance measures are excellent yardsticks for gauging the success of your business, they must be understood, not just applied blindly. For instance, if the profitability of your firm is far below the industry norm, it is important to know why. Is your business really suffering or is your profitability artificially low because you are paying yourself a disproportionately high salary? With this warning in mind, let's examine some of the key performance measures and some possible actions that can be taken if you deviate significantly from the industry average. Significant deviation is probably a ratio outside the "middle range." The following are only guidelines for action and should not be considered to be specific recommendations.

**USING THE JA 2006 COST OF DOING BUSINESS SURVEY**

**Profitability**

**Net Profit Margin**

Too Low Further investigation is warranted. Check to see if gross margin is too low. If so, check margin by merchandise category. Check all expenses to see which ones need better control.

Too High It is difficult to imagine a situation where this presents a problem, but you should know why the net profit margin is so high.

**Return on Assets**

Too low Either revenue or net profit margin is too low to support your asset structure. Examination of net profit margin and asset turnover will tell which.

Too High No problem as a rule. You are effectively managing your business.

**Return on Net Worth**

Too Low If return on assets is sufficient, you may have more of your funds invested in the business than necessary (see leverage).

Too High This is often considered to be positive unless the degree of leverage is too high.

**Productivity**

**Space Productivity**

Too Low The amount of space may be excessive or revenue may be too low compared to available space.

Too High This is a good sign. However, if a substantial amount of sales are not generated on the sales floor (such as non-store sales), these figures could be artificially high.

**USING THE JA 2006 COST OF DOING BUSINESS SURVEY**

**Personnel Productivity**

Too Low Low personnel productivity during normal business conditions may indicate the business is too “people heavy.” Consider decreasing staff or generating more volume from existing personnel.

Too High No problem as a rule. May be artificially high if outsiders not on the payroll perform many functions.

**Inventory Productivity**

Too Low This could indicate either a lack of volume or overstocking. Investigate by product line. Watch and adjust price points.

Too High Excessively high inventory productivity generally means too little inventory in stock, which may in fact suppress sales. Special order products (not stocked) can also cause high inventory turns.

**Total Asset Productivity**

Too Low Low asset turnover can signal a need for more attention to the productivity areas described above. However, if you own rather than rent the majority of your stores or have an extensive in-house credit program, this could explain the deviation from typical industry figures.

Too High Asset turnover that is significantly in excess of the industry norm might be caused by the absence of owned fixed assets or the lack of any significant amount of receivables. Check your percentage balance sheet with the composite for your type of store.

***Financial Management***

**Liquidity**

Too Low If current and quick ratios are too low, you may be operating with insignificant liquid capital. This can be dangerous if business takes a turn for the worse or a loan payment becomes due. Increase liquidity with more long-term financing or by leaving more profit in the business (for example, lower owner distributions).

**USING THE JA 2006 COST OF DOING BUSINESS SURVEY**

Too High      If liquidity is excessively high, it is possibly a sign of excess inventories and receivables. Check productivity ratios for these items. Otherwise, this is no reason for concern.

**Leverage**

Too Low      You have an excess capacity for debt should it become necessary to borrow. Although some owners do not like borrowing any more than absolutely necessary, additional debt will increase overall profitability as long as the business can achieve a before-tax return on assets that exceeds the borrowing rate.

Too High      This will severely curtail your ability to attract new borrowed funds. In addition, interest charges could be adversely affecting profitability. Try to retain more profits in the business or attract new sources of equity if you wish to lower the leverage.

**SUMMARY AND CONCLUSIONS**

We believe the information contained in the *JA 2006 Cost of Doing Business Survey* to be the most comprehensive compilation of current jewelry industry performance statistics in existence. While the quantity of information may seem overwhelming at first, by following the approach outlined in the preceding pages, your time and efforts can be very effective. To summarize:

Step 1      Gather all your financial and operating results for your last fiscal year. If you completed the latest survey, this may already be done.

Step 2      Calculate the various performance measures for your firm that are used in the report. Start with the "Key Performance Measures." If you participated in the survey and filled out the survey form completely, most of the calculations have already been done.

Step 3      Compare your data with those stores compatible to yours.

Step 4      Using the analytical guidelines for the key ratios discussed above, analyze your company's strengths and weaknesses.

Even a relatively simple analysis of your company's financials using this data for comparisons can yield important insights into your business. You do not have to be a financial expert to benefit from this information.

## **IMPORTANT NOTES**

1) Again, the “median” is the statistical measure used to calculate central tendency in this report. It is the mid-point for a data set; one-half of the firms report figures above it and one-half below it.

For each statistical measure and ratio, each median was independently calculated. As a result of using medians, **component figures for any particular category (ex. Operational expense) may not necessarily total to 100 percent and normal mathematical relationships do not always exist.** When looking at charts and tables, totals not equaling 100% should not be assumed to be a mistake.

2) In some cases, rounding has occurred to 1 decimal point.

3) A part-time employee is defined as working an average of 20 hours per week. A seasonal employee is defined as working 2 months per year. A part-time seasonal employee is defined as working 20 hours per week for 2 months.

Selected jewelers provided these estimates during the process of developing the questionnaire. The hours worked by your employees may vary. *As a result, some adjustments may be required for accurate comparisons.*

4) Many people view financial analysis and the use of numbers in the wrong way. Numbers are an indicator of performance. The goal is not to change the number – it’s not a financial game. Rather, the goal is to look at the indicator of performance and, in those areas that are unsatisfactory, make non-financial decisions. Stopping at or dwelling on financial analysis is not the critical issue. Using these numbers to make retail and business decisions is the key to success.

These retail decisions may relate to inventory, negotiating and buying skills, fashion or style, merchandising, sales training, scheduling manpower, and the like.

In today’s world, it is more important to ask the questions than know the answers – because the answers change much more quickly than the questions. Looking at your numbers frequently will provide a level of focus that otherwise is often lacking.

*Use the numbers to inspire change in your operations and activities.*

## *Notes*



Jewelers of America 2006 Cost of Doing Business Survey

*All Firms*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PROFITABILITY</b>			
Net Profit Before Tax to Net Sales	4.0%	0.6 - 10.6%	
Net Profit Before Tax to Total Assets	5.4%	0.6 - 14.3%	
Net Profit Before Tax to Net Worth	10.2%	0.9 - 26.6%	
EBIT to Net Sales	5.0%	2.1 - 8.8%	
EBIT to Total Assets	7.5%	2.7 – 15.1%	
<b>PRODUCTIVITY</b>			
<b>SPACE</b>			
Net Sales Per Store	\$896,673	\$445,580 – 1,747,586	
Sales Per Square Foot – Total Area	\$478.81	\$286.61 – 783.58	
Sales Per Square Foot – Selling Area	\$769.11	\$466.11 – 1,275.94	
Gross Margin Per Sq. Foot – Total Area	\$231.03	\$137.42 – 352.70	
Gross Margin Per Sq. Foot – Selling Area	\$371.67	\$220.00 – 576.36	
Selling to Total Store Space	63.3%	50.0 – 77.7%	
<b>INVENTORY</b>			
Gross Margin	48.4%	42.1 – 55.1%	
Inventory Turnover	1.2X	0.8X - 1.6X	
Gross Margin Return on Inv.	110.8%	76.1 – 159.3%	
Sales to Inventory	2.3X	1.7 – 3.2X	
Asset Turnover	1.6X	1.1 – 2.1X	
Sales Growth Over Previous Year	3.9%	-2.9 – 13.3%	

Jewelers of America 2006 Cost of Doing Business Survey

*All Firms*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PERSONNEL</b>			
Sales Per Full-Time Employee	\$205,002	\$150,000 – 282,000	
Sales Per Full- & Part-Time Employee	\$160,515	\$112,115 – 218,401	
Sales Per Full, Part & Seasonal Employee	\$161,515	\$108,609 – 212,524	
Gross Margin Per Full-Time Employee	\$97,852	\$71,916 – 135,599	
Gross Margin Per Full- & Part-Time Employee	\$76,671	\$58,000 – 103,090	
Gross Margin Per Full, Part & Seasonal Employee	\$74,974	\$54,510 – 101,538	
Payroll (include fringes)-% of Net Sales	20.7%	16.1 – 25.0%	
Payroll (include fringes) Per Employee (all categories)	\$32,949	\$22,431 – 45,293	
<b>FINANCIAL MANAGEMENT</b>			
<b>LEVERAGE</b>			
Total Debt to Total Assets	41.3%	20.1 – 67.2%	
Long-term Debt to Total Capital	4.9%	0.0 – 22.8%	
<b>WORKING CAPITAL</b>			
Current Ratio	3.0	1.9 – 6.1	
Quick Ratio (Acid Test)	0.5	0.2 – 1.1	
Inventory to Net Working Capital	1.1	0.9 - 1.6	

Jewelers of America 2006 Cost of Doing Business Survey

*All Firms*

Key Performance Measure	Typical	Middle Range	Your Data
<b>INCOME STATEMENT</b>			
Net Sales	100%	100.0%	
Cost of Goods Sold	51.6%	44.9 – 57.9%	
Gross Margin	48.4%	42.1 – 55.1%	
<b>OPERATING EXPENSES</b>			
Payroll (including owners & fringes)	20.7%	16.1 – 25.0%	
Occupancy	4.8%	2.7 – 7.9%	
Print Advertising	1.7%	0.9 – 3.1%	
Radio	1.4%	0.5 – 2.6%	
TV	1.1%	0.4 – 2.2%	
Internet/website	0.1%	0.1 – 0.3%	
Promo Staff	0.3%	0.2 – 0.9%	
Other promo	0.8%	0.3 – 1.6%	
Total promo	4.7%	2.6% - 6.5%	
Employee training & education	0.2%	0.1 – 0.5%	
Other operating expenses	10.3%	6.5 – 13.9%	
Total operating expenses	41.8%	34.6 – 48.3%	
Operating profit	5.0%	0.8 – 11.4%	
Interest expense	1.0%	0.5 – 1.8%	
Other income/expense	0.3%	0.0 – 1.3%	
Net profit before tax	4.0%	0.6 – 10.6%	
<b>BALANCE SHEET</b>			
(As a Percent of Net Sales)			
<b>ASSETS</b>			
Accounts receivable (net)	1.2%	0.0 – 4.0%	
Inventory	43.2%	31.1 – 59.5%	
Other current assets	4.5%	0.9 – 11.0%	
Total current assets	54.2%	39.3 – 74.1%	
Fixed assets	4.0%	1.0 – 10.4%	
Other assets	0.0%	0.0 – 1.1%	
Total assets	59.9%	45.1% – 84.5%	
<b>LIABILITIES</b>			
Total current liabilities	16.0%	7.3 – 27.4%	
Long-term liabilities	2.7%	0.0 – 13.8%	
Net Worth	34.1%	16.3 – 54.2%	

Jewelers of America 2006 Cost of Doing Business Survey

*All Firms*

Merchandise Data	Typical	Middle Range	Your Data
<b>SALES GROWTH</b>			
Diamonds-loose only	2.0%	-10.4 – 27.6%	
Diamond jewelry	7.6%	-6.1 – 26.3%	
Colored stone jewelry	5.0%	-9.8 – 28.8%	
Cultured pearl jewelry	5.0%	-13.9 – 41.7%	
Karat gold jewelry	0.0%	-10.4 – 17.5%	
Platinum jewelry	0.0%	-16.8 – 22.6%	
Timepieces and watchbands	8.5%	-9.5 – 24.7%	
All other new fine jewelry	0.0%	-22.1 – 17.6%	
Estate/antique jewelry	0.4%	-16.6 – 62.6%	
Flatware- All sterling silver, plated and stainless steel flatware	-3.4%	-25.2 – 6.4%	
Appraisals	5.2%	-6.7 – 31.2%	
Repairs	2.2%	-5.3 – 14.7%	
Fashion jewelry	2.8%	-14.0 – 18.9%	
Other	0.0%	-30.9 – 33.0%	
<b>GROSS MARGIN</b>			
Diamonds-loose only	37.8%	29.6 – 46.1%	
Diamond jewelry	48.7%	43.1 – 53.3%	
Colored stone jewelry	52.4%	49.6 – 57.3%	
Cultured pearl jewelry	53.8%	48.8 – 60.0%	
Karat gold jewelry	52.5%	48.4 – 57.9%	
Platinum jewelry	50.0%	43.7 – 52.0%	
Timepieces and watchbands	43.8%	38.3 – 50.5%	
All other new fine jewelry	53.1%	45.7 – 59.4%	
Estate/antique jewelry	48.5%	26.4 – 57.7%	
Flatware- All sterling silver, plated and stainless steel flatware	50.0%	46.2 – 58.0%	
Appraisals	N.A.	N.A. – N.A.	
Repairs	59.7%	48.0 – 68.6%	
Fashion jewelry	54.4%	48.0 – 60.7%	
Other	49.4%	38.5 – 54.2%	

Jewelers of America 2006 Cost of Doing Business Survey

*All Firms*

Merchandise Data - continued	Typical	Middle Range	Your Data
<b>INVENTORY TURNOVER</b>			
Diamonds-loose only	1.0X	0.9 – 1.9X	
Diamond jewelry	1.0X	0.7 – 1.1X	
Colored stone jewelry	1.0X	0.6 – 1.0X	
Cultured pearl jewelry	1.0X	0.7 – 1.0X	
Karat gold jewelry	1.0X	0.8 – 1.2X	
Platinum jewelry	1.0X	0.6 – 1.0X	
Timepieces and watchbands	1.0X	0.7 – 1.2X	
All other new fine jewelry	1.0X	0.8 – 1.6X	
Estate/antique jewelry	1.0X	0.5 – 1.3X	
Flatware- All sterling silver, plated and stainless steel flatware	0.7X	0.4 – 1.0X	
Appraisals	N.A.	N.A.	
Repairs	1.0X	1.0 – 1.8X	
Fashion jewelry	1.0X	0.7 – 1.4X	
Other	1.0X	1.0 – 2.0X	
Overall	1.0X	0.9 – 1.3X	
<b>DISTRIBUTION OF SALES</b>			
Diamonds-loose only	14.4%	7.3 – 20.2%	
Diamond jewelry	31.8%	22.0 – 42.1%	
Colored stone jewelry	9.4%	6.1 – 13.6%	
Cultured pearl jewelry	2.1%	1.0 – 3.4%	
Karat gold jewelry	8.2%	5.9 – 12.0%	
Platinum jewelry	1.6%	0.9 – 4.9%	
Timepieces and watchbands	4.6%	2.8 – 10.3%	
All other new fine jewelry	4.1%	1.9 – 9.9%	
Estate/antique jewelry	1.7%	0.6 – 5.0%	
Flatware- All sterling silver, plated and stainless steel flatware	1.2%	0.3 – 3.5%	
Appraisals	0.5%	0.2 – 0.9%	
Repairs	9.8%	5.4 – 16.2%	
Fashion jewelry	3.0%	1.4 – 5.0%	
Other	2.5%	0.9 – 5.2%	

Jewelers of America 2006 Cost of Doing Business Survey

*All Firms*

<b>Merchandise Data - continued</b>	<b>Typical</b>	<b>Middle Range</b>	<b>Your Data</b>
<b>GROSS MARGIN RETURN ON INVENTORY</b>			
Diamonds-loose only	72.2%	42.7 – 120.2%	
Diamond jewelry	87.4%	66.7 – 113.4%	
Colored stone jewelry	100.0%	62.6 – 127.0%	
Cultured pearl jewelry	105.2%	79.2 – 148.1%	
Karat gold jewelry	109.7%	68.0 – 152.8%	
Platinum jewelry	91.1%	60.2 – 118.8%	
Timepieces and watchbands	85.0%	53.3 – 112.1%	
All other new fine jewelry	123.7%	89.7 – 183.4%	
Estate/antique jewelry	84.7%	31.6 – 126.1%	
Flatware- All sterling silver, plated and stainless steel flatware	72.4%	51.0 – 104.3%	
Appraisals	N.A.	N.A.	
Repairs	166.7%	100.0 – 574.4%	
Fashion jewelry	123.4%	82.5 – 160.6%	
Other	96.6%	60.7 – 167.9%	
<b>COMPANY PROFILE</b>			
Annual Net Sales	\$896,673	\$445,580 – 1,747,586	
Full Time Equivalent Employees	5.6	3.5 – 8.2	
Number of Stores	1	1	
Median store size (Total Sq. Ft.)	2,000	1,250 – 2,833	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PROFITABILITY</b>			
Net Profit Before Tax to Net Sales	2.9%	0.8 – 7.4%	
Net Profit Before Tax to Total Assets	4.8%	1.0 – 12.2%	
Net Profit Before Tax to Net Worth	7.6%	2.4 – 27.9%	
EBIT to Net Sales	3.7%	1.6 – 6.5%	
EBIT to Total Assets	5.2%	2.4 – 11.8%	
<b>PRODUCTIVITY</b>			
<b>SPACE</b>			
Net Sales Per Store	\$1,682,100	\$925,311 – 2,727,620	
Sales Per Square Foot – Total Area	\$687.19	\$412.08 – 1,021.64	
Sales Per Square Foot – Selling Area	\$1,051.95	\$638.39 – 1,583.04	
Gross Margin Per Sq. Foot – Total Area	\$309.98	\$184.29 – 421.17	
Gross Margin Per Sq. Foot – Selling Area	\$453.74	\$304.92 – 673.91	
Selling to Total Store Space	64.2%	50.0 – 75.6%	
<b>INVENTORY</b>			
Gross Margin	45.3%	40.3 – 50.0%	
Inventory Turnover	1.3X	0.9 – 1.7X	
Gross Margin Return on Inv.	109.3%	75.1 – 144.9%	
Sales to Inventory	2.3X	1.8 – 3.2X	
Asset Turnover	1.7X	1.2 – 2.1X	
Sales Growth Over Previous Year	4.4%	-3.3 – 15.4%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PERSONNEL</b>			
Sales Per Full-Time Employee	\$281,587	\$208,119 – 400,319	
Sales Per Full & Part Time Employee	\$222,951	\$166,667 – 332,197	
Sales Per Full, Part & Seasonal Employee	\$214,992	\$168,021 – 338,623	
Gross Margin Per Full-Time Employee	\$128,650	\$90,726 – 163,018	
Gross Margin Per Full & Part-Time Employee	\$100,000	\$78,256 – 137,780	
Gross Margin Per Full, Part & Seasonal Employee	\$99,541	\$81,638 – 137,116	
Payroll (include fringes)-% of Net Sales	18.7%	14.4 – 22.1%	
Payroll (include fringes) Per Employee (all categories)	\$40,824	\$28,578 – 64,520	
<b>FINANCIAL MANAGEMENT</b>			
<b>LEVERAGE</b>			
Total Debt to Total Assets	49.4%	29.2 – 73.0%	
Long-term Debt to Total Capital	3.4%	0.0 – 23.9%	
<b>WORKING CAPITAL</b>			
Current Ratio	2.8	1.9 – 5.8	
Quick Ratio (Acid Test)	0.4	0.1 – 0.9	
Inventory to Net Working Capital	1.2	1.0 – 1.8	



Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End*

Key Performance Measure	Typical	Middle Range	Your Data
<b>INCOME STATEMENT</b>			
Net Sales	100%	100.0%	
Cost of Goods Sold	54.7%	50.0 – 59.7%	
Gross Margin	45.3%	40.3 – 50.0%	
<b>OPERATING EXPENSES</b>			
Payroll (including owners & fringes)	18.7%	14.4 – 22.1%	
Occupancy	4.1%	2.2 – 6.5%	
Print Advertising	1.6%	1.1 – 2.7%	
Radio	1.6%	0.8 – 2.7%	
TV	1.2%	0.6 – 2.2%	
Internet/website	0.1%	0.1 – 0.2%	
Promo Staff	0.5%	0.1 – 1.1%	
Other Promo	1.3%	0.4 – 2.4%	
Total promo	4.9%	2.7 - 7.2%	
Employee training & education	0.2%	0.1 – 0.4%	
Other operating expenses	9.2%	6.4 – 13.5%	
Total operating expenses	39.5%	33.2 – 45.0%	
Operating profit	3.9%	1.4 – 9.2%	
Interest expense	1.3%	0.6 – 1.8%	
Other income/expense	0.2%	0.0 – 1.0%	
Net profit before tax	2.9%	0.8 – 7.4%	
<b>BALANCE SHEET</b>			
(As a Percent of Net Sales)			
<b>ASSETS</b>			
Accounts receivable (net)	1.5%	0.2 – 4.3%	
Inventory	42.8%	31.5 – 54.8%	
Other current assets	3.9%	1.1 – 11.0%	
Total current assets	50.5%	38.6 – 67.4%	
Fixed assets	4.7%	1.6 – 9.7%	
Other assets	0.0%	0.0 – 0.4%	
Total assets	55.7%	46.0 – 84.3%	
<b>LIABILITIES</b>			
Total current liabilities	18.8%	8.5 – 29.3%	
Long-term liabilities	2.4%	0.0 – 14.2%	
Net Worth	27.8%	14.9 – 42.6%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End*

Merchandise Data	Typical	Middle Range	Your Data
<b>SALES GROWTH</b>			
Diamonds-loose only	3.5%	-5.8 – 31.1%	
Diamond jewelry	10.0%	-6.2 – 32.7%	
Colored stone jewelry	3.0%	-10.1 – 27.3%	
Cultured pearl jewelry	15.4%	-8.6 – 43.4%	
Karat gold jewelry	-2.2%	-12.0 – 21.5%	
Platinum jewelry	1.2%	-13.3 – 112.8%	
Timepieces and watchbands	15.1%	-6.8 – 35.7%	
All other new fine jewelry	0.0%	-20.4 – 23.0%	
Estate/antique jewelry	-12.6%	-34.2 – 6.8%	
Flatware- All sterling silver, plated and stainless steel flatware	5.9%	-22.6 – 7.7%	
Appraisals	1.3%	-5.8 – 33.7%	
Repairs	-0.2%	-8.9 – 16.8%	
Fashion jewelry	0.0%	-19.8 – 14.7%	
Other	-2.4%	-26.7 – 20.9%	
<b>GROSS MARGIN</b>			
Diamonds-loose only	36.8%	30.9 – 45.0%	
Diamond jewelry	47.5%	41.6 – 52.1%	
Colored stone jewelry	52.5%	49.7 – 56.7%	
Cultured pearl jewelry	54.2%	44.2 – 59.8%	
Karat gold jewelry	50.4%	48.2 – 58.5%	
Platinum jewelry	49.6%	41.2 – 51.3%	
Timepieces and watchbands	40.3%	34.8 – 48.5%	
All other new fine jewelry	54.4%	45.9 – 59.2%	
Estate/antique jewelry	48.7%	43.4 – 62.0%	
Flatware- All sterling silver, plated and stainless steel flatware	58.3%	46.5 – 59.2%	
Appraisals	N.A.	N.A.	
Repairs	59.5%	44.7 – 70.0%	
Fashion jewelry	53.3%	45.8 – 63.7%	
Other	44.5%	34.9 – 50.4%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End*

Merchandise Data - continued	Typical	Middle Range	Your Data
<b>INVENTORY TURNOVER</b>			
Diamonds-loose only	1.0X	1.0 – 2.1X	
Diamond jewelry	1.0X	0.8 – 1.2X	
Colored stone jewelry	1.0X	0.7 – 1.0X	
Cultured pearl jewelry	1.0X	0.8 – 1.4X	
Karat gold jewelry	1.0X	0.8 – 1.1X	
Platinum jewelry	1.0X	0.6 – 1.0X	
Timepieces and watchbands	1.0X	0.8 – 1.5X	
All other new fine jewelry	1.0X	0.9 – 1.6X	
Estate/antique jewelry	1.0X	0.5 – 1.3X	
Flatware- All sterling silver, plated and stainless steel flatware	N.A.	N.A.	
Appraisals	N.A.	N.A.	
Repairs	1.0X	0.0 – 1.0X	
Fashion jewelry	1.0X	1.0 – 1.5X	
Other	1.0X	1.0 – 3.2X	
Overall	1.0X	0.9 – 1.4X	
<b>DISTRIBUTION OF SALES</b>			
Diamonds-loose only	18.2%	10.2 – 26.7%	
Diamond jewelry	31.1%	23.7 – 39.8%	
Colored stone jewelry	9.2%	6.3 – 12.9%	
Cultured pearl jewelry	2.8%	1.7 – 4.4%	
Karat gold jewelry	7.4%	4.6 – 9.0%	
Platinum jewelry	2.3%	1.0 – 7.0%	
Timepieces and watchbands	6.0%	3.4 – 19.5%	
All other new fine jewelry	3.7%	1.8 – 8.9%	
Estate/antique jewelry	1.2%	0.5 – 5.0%	
Flatware- All sterling silver, plated and stainless steel flatware	0.8%	0.2 – 4.7%	
Appraisals	0.4%	0.3 – 0.9%	
Repairs	6.4%	4.3 – 12.3%	
Fashion jewelry	2.4%	0.7 – 6.9%	
Other	3.6%	1.2 – 5.6%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End*

<b>Merchandise Data - continued</b>	<b>Typical</b>	<b>Middle Range</b>	<b>Your Data</b>
<b>GROSS MARGIN RETURN ON INVENTORY</b>			
Diamonds-loose only	90.9%	54.0 – 130.0%	
Diamond jewelry	92.9%	67.4 – 124.6%	
Colored stone jewelry	105.1%	61.2 – 147.4%	
Cultured pearl jewelry	113.0%	84.8 – 149.6%	
Karat gold jewelry	108.5%	52.8 – 156.4%	
Platinum jewelry	96.1%	46.2 – 118.8%	
Timepieces and watchbands	81.3%	48.4 – 114.7%	
All other new fine jewelry	129.8%	84.9 – 173.9%	
Estate/antique jewelry	115.1%	30.1 – 229.3%	
Flatware- All sterling silver, plated and stainless steel flatware	121.0%	61.9% - N.A.	
Appraisals	N.A.	N.A.	
Repairs	113.6%	56.0 – 200.0%	
Fashion jewelry	128.2%	75.3 – 191.1%	
Other	114.7%	52.6 – 187.4%	
<b>COMPANY PROFILE</b>			
Annual Net Sales	\$1,682,100	\$925,311 – 2,727,620	
Full Time Equivalent Employees	6.6	4.6 – 9.1	
Number of Stores	1	1	
Average Store Size (Total Sq. Ft.)	2,434	1,511 – 3,367	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End – Sales Under \$1.5 Million*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PROFITABILITY</b>			
Net Profit Before Tax to Net Sales	6.4%	0.9 – 12.9%	
Net Profit Before Tax to Total Assets	9.6%	0.3 – 19.5%	
Net Profit Before Tax to Net Worth	16.8%	0.2 – 67.4%	
EBIT to Net Sales	5.0%	1.9 – 11.5%	
EBIT to Total Assets	8.2%	0.8 – 21.2%	
<b>PRODUCTIVITY</b>			
<b>SPACE</b>			
Net Sales Per Store	\$752,350	\$453,264 – 1,179,602	
Sales Per Square Foot – Total Area	\$422.71	\$285.93 – 700.00	
Sales Per Square Foot – Selling Area	\$680.81	\$464.17 – 976.94	
Gross Margin Per Sq. Foot – Total Area	\$192.62	\$134.51 – 311.77	
Gross Margin Per Sq. Foot – Selling Area	\$348.82	\$208.50 – 453.52	
Selling to Total Store Space	61.2%	49.2 – 76.2%	
<b>INVENTORY</b>			
Gross Margin	47.3%	41.4 – 56.4%	
Inventory Turnover	1.2X	0.8 – 1.9X	
Gross Margin Return on Inv.	120.5%	66.4 – 180.4%	
Sales to Inventory	2.4X	1.5 – 3.9X	
Asset Turnover	1.4X	0.9 – 2.2X	
Sales Growth Over Previous Year	5.5%	-10.4 – 18.2%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End– Sales Under \$1.5 Million*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PERSONNEL</b>			
Sales Per Full-Time Employee	\$226,574	\$180,279 – 294,898	
Sales Per Full & Part Time Employee	\$181,259	\$132,301 – 200,188	
Sales Per Full, Part & Seasonal Employee	\$181,259	\$153,176 – 193,373	
Gross Margin Per Full-Time Employee	\$106,314	\$82,785 – 132,898	
Gross Margin Per Full & Part-Time Employee	\$83,831	\$64,331 – 99,256	
Gross Margin Per Full, Part & Seasonal Employee	\$85,714	\$66,230 – 96,690	
Payroll (include fringes)-% of Net Sales	19.7%	13.4 – 25.7%	
Payroll (include fringes) Per Employee (all categories)	\$32,000	\$22,750 – 43,333	
<b>FINANCIAL MANAGEMENT</b>			
<b>LEVERAGE</b>			
Total Debt to Total Assets	42.3%	6.2 – 66.7%	
Long-term Debt to Total Capital	0.2%	0.0 – 22.1%	
<b>WORKING CAPITAL</b>			
Current Ratio	3.9	1.6 – 9.5	
Quick Ratio (Acid Test)	0.6	0.1 – 1.2	
Inventory to Net Working Capital	1.1	0.6 – 1.4	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End – Sales Under \$1.5 Million*

Key Performance Measure	Typical	Middle Range	Your Data
<b>INCOME STATEMENT</b>			
Net Sales	100%	100.0%	
Cost of Goods Sold	52.7%	43.6 – 58.6%	
Gross Margin	47.3%	41.4 – 56.4%	
<b>OPERATING EXPENSES</b>			
Payroll (including owners & fringes)	19.7%	13.4 – 25.7%	
Occupancy	4.3%	2.0 – 8.6%	
Print Advertising	1.6%	1.1 – 3.7%	
Radio	1.4%	0.5 – 2.0%	
TV	1.0%	0.6 – 2.7%	
Internet/website	0.1%	0.1 – 0.3%	
Promo Staff	0.4%	0.1 – 0.8%	
Other Promo	1.0%	0.4 – 3.2%	
Total promo	4.3%	2.2 – 7.4%	
Employee training & education	0.3%	0.1 – 0.6%	
Other operating expenses	9.3%	5.0 – 15.4%	
Total operating expenses	39.9%	33.6 – 44.0%	
Operating profit	7.2%	1.5 – 13.9%	
Interest expense	1.3%	0.8 – 1.8%	
Other income/expense	0.1%	-1.5 – 1.6%	
Net profit before tax	6.4%	0.9 – 12.9%	
<b>BALANCE SHEET</b>			
(As a Percent of Net Sales)			
<b>ASSETS</b>			
Accounts receivable (net)	1.0%	0.0 – 3.2%	
Inventory	42.3%	25.6 – 65.9%	
Other current assets	4.2%	0.0 – 16.7%	
Total current assets	51.0%	33.2 – 94.2%	
Fixed assets	7.4%	1.6 – 14.7%	
Other assets	0.0%	0.0 – 0.9%	
Total assets	63.6%	42.1 – 111.9%	
<b>LIABILITIES</b>			
Total current liabilities	12.5%	4.5 – 26.3%	
Long-term liabilities	1.0%	0.0 – 12.0%	
Net Worth	31.4%	15.5 – 84.7%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End - Sales Under \$1.5 Million*

Merchandise Data	Typical	Middle Range	Your Data
<b>SALES GROWTH</b>			
Diamonds-loose only	15.2%	-1.7 – 36.4%	
Diamond jewelry	28.4%	0.7 – 63.7%	
Colored stone jewelry	5.6%	-0.1 – 59.1%	
Cultured pearl jewelry	9.9%	-19.0 – 80.9%	
Karat gold jewelry	-5.5%	-19.8 – 17.4%	
Platinum jewelry	16.5%	0.0 – 177.5%	
Timepieces and watchbands	17.6%	-25.4 – 103.6%	
All other new fine jewelry	-4.2%	-35.0 – 21.2%	
Estate/antique jewelry	3.3%	-27.6 – 148.6%	
Flatware- All sterling silver, plated and stainless steel flatware	N.A.	N.A.	
Appraisals	11.4%	-20.3 – 40.0%	
Repairs	-1.7%	-18.3 – 15.0%	
Fashion jewelry	-18.1%	-55.0 – 46.5%	
Other	-8.1%	-42.5 – 37.5%	
<b>GROSS MARGIN</b>			
Diamonds-loose only	39.8%	28.0 – 47.4%	
Diamond jewelry	50.0%	42.8 – 57.9%	
Colored stone jewelry	54.1%	50.0 – 64.7%	
Cultured pearl jewelry	57.7%	48.2 – 62.9%	
Karat gold jewelry	56.8%	43.9 – 61.8%	
Platinum jewelry	49.5%	40.9 – 53.2%	
Timepieces and watchbands	50.0%	46.5 – 57.1%	
All other new fine jewelry	57.1%	52.2 – 68.2%	
Estate/antique jewelry	52.5%	24.9 – 59.5%	
Flatware- All sterling silver, plated and stainless steel flatware	N.A.	N.A.	
Appraisals	N.A.	N.A.	
Repairs	63.3%	51.8 – 66.4%	
Fashion jewelry	65.5%	47.0 – 68.1%	
Other	45.5%	28.8 – 55.8%	



Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End– Sales Under \$1.5 Million*

Merchandise Data - continued	Typical	Middle Range	Your Data
<b>INVENTORY TURNOVER</b>			
Diamonds-loose only	1.0X	1.0 – 3.1X	
Diamond jewelry	1.0X	0.9 – 1.1X	
Colored stone jewelry	1.0X	0.7 – 1.0X	
Cultured pearl jewelry	1.0X	0.8 – 1.2X	
Karat gold jewelry	1.0X	0.6 – 1.0X	
Platinum jewelry	1.0X	0.7 – 1.2X	
Timepieces and watchbands	1.0X	0.9 – 1.1X	
All other new fine jewelry	1.0X	0.8 – 2.1X	
Estate/antique jewelry	1.0X	1.0X – N.A.	
Flatware- All sterling silver, plated and stainless steel flatware	N.A.	N.A.	
Appraisals	N.A.	N.A.	
Repairs	1.0X	0.9 – 2.6X	
Fashion jewelry	1.0X	1.0 – 1.4X	
Other	1.7X	1.0 – 6.4X	
Overall	1.0X	0.8 – 1.3X	
<b>DISTRIBUTION OF SALES</b>			
Diamonds-loose only	15.8%	7.8 – 27.0%	
Diamond jewelry	29.3%	20.8 – 43.1%	
Colored stone jewelry	11.4%	6.7 – 13.4%	
Cultured pearl jewelry	3.4%	2.0 – 4.6%	
Karat gold jewelry	8.0%	5.3 – 9.3%	
Platinum jewelry	4.3%	0.9 – 8.5%	
Timepieces and watchbands	4.4%	3.4 – 6.3%	
All other new fine jewelry	2.6%	1.3 – 9.6%	
Estate/antique jewelry	4.4%	1.4 – 6.8%	
Flatware- All sterling silver, plated and stainless steel flatware	N.A.	N.A.	
Appraisals	0.7%	0.5 – 1.1%	
Repairs	11.8%	5.4 – 17.0%	
Fashion jewelry	0.5%	0.1 – 3.4%	
Other	5.3%	1.3 – 8.0%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End– Sales Under \$1.5 Million*

<b>Merchandise Data - continued</b>	<b>Typical</b>	<b>Middle Range</b>	<b>Your Data</b>
<b>GROSS MARGIN RETURN ON INVENTORY</b>			
Diamonds-loose only	76.5%	40.1 – 142.0%	
Diamond jewelry	100.0%	70.6 – 141.4%	
Colored stone jewelry	104.3%	75.5 – 183.4%	
Cultured pearl jewelry	122.2%	100.3 – 145.3%	
Karat gold jewelry	108.5%	44.7 – 169.4%	
Platinum jewelry	98.0%	51.7 – 140.0%	
Timepieces and watchbands	105.4%	76.1 – 134.6%	
All other new fine jewelry	146.0%	92.7 – 305.8%	
Estate/antique jewelry	122.2%	100.0% – N.A.	
Flatware- All sterling silver, plated and stainless steel flatware	N.A.	N.A.	
Appraisals	N.A.	N.A.	
Repairs	175.1%	112.0 – 580.9%	
Fashion jewelry	194.1%	104.0 – 303.6%	
Other	179.5%	72.1 – 337.4%	
<b>COMPANY PROFILE</b>			
Annual Net Sales	\$752,350	\$453,264 – 1,179,602	
Full Time Equivalent Employees	4.7	3.5 – 5.5	
Number of Stores	1	1	
Average Store Size (Total Sq. Ft.)	1,850	1,120 – 2,500	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End – Sales \$1.5 Million Plus*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PROFITABILITY</b>			
Net Profit Before Tax to Net Sales	2.0%	0.8 – 4.8%	
Net Profit Before Tax to Total Assets	3.8%	1.2 – 7.9%	
Net Profit Before Tax to Net Worth	6.8%	2.7 – 14.8%	
EBIT to Net Sales	3.0%	1.4 – 5.3%	
EBIT to Total Assets	4.8%	2.4 – 8.4%	
<b>PRODUCTIVITY</b>			
<b>SPACE</b>			
Net Sales Per Store	\$2,458,774	\$1,762,240 – 3,323,619	
Sales Per Square Foot – Total Area	\$831.15	\$597.25 – 1,208.60	
Sales Per Square Foot – Selling Area	\$1,318.86	\$953.63 – 1,895.17	
Gross Margin Per Sq. Foot – Total Area	\$347.69	\$250.56 – 456.14	
Gross Margin Per Sq. Foot – Selling Area	\$529.64	\$402.87 – 735.40	
Selling to Total Store Space	66.7%	52.1 – 76.4%	
<b>INVENTORY</b>			
Gross Margin	43.3%	39.7 – 48.1%	
Inventory Turnover	1.4X	1.1 – 1.7X	
Gross Margin Return on Inv.	107.9%	80.5 – 128.8%	
Sales to Inventory	2.3X	1.9 – 3.1X	
Asset Turnover	1.8X	1.4 – 2.1X	
Sales Growth Over Previous Year	3.1%	-2.8 – 11.2%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End – Sales \$1.5 Million Plus*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PERSONNEL</b>			
Sales Per Full-Time Employee	\$327,016	\$246,121 – 463,094	
Sales Per Full & Part Time Employee	\$271,853	\$201,844– 391,969	
Sales Per Full, Part & Seasonal Employee	\$286,957	\$202,897 – 388,090	
Gross Margin Per Full-Time Employee	\$139,021	\$111,921 – 176,479	
Gross Margin Per Full & Part-Time Employee	\$117,297	\$92,340 – 158,581	
Gross Margin Per Full, Part & Seasonal Employee	\$120,522	\$89,930 – 157,386	
Payroll (include fringes)-% of Net Sales	18.5%	15.5 – 21.3%	
Payroll (include fringes) Per Employee (all categories)	\$55,348	\$32,330 – 73,052	
<b>FINANCIAL MANAGEMENT</b>			
<b>LEVERAGE</b>			
Total Debt to Total Assets	50.4%	33.3 – 75.0%	
Long-term Debt to Total Capital	5.7%	0.0 – 28.1%	
<b>WORKING CAPITAL</b>			
Current Ratio	2.6	2.1 – 4.0	
Quick Ratio (Acid Test)	0.4	0.2 – 0.9	
Inventory to Net Working Capital	1.4	1.1 – 1.8	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End – Sales \$1.5 Million Plus*

Key Performance Measure	Typical	Middle Range	Your Data
<b>INCOME STATEMENT</b>			
Net Sales	100%	100.0%	
Cost of Goods Sold	56.7%	51.9 – 60.3%	
Gross Margin	43.3%	39.7 – 48.1%	
<b>OPERATING EXPENSES</b>			
Payroll (including owners & fringes)	18.5%	15.5 – 21.3%	
Occupancy	4.0%	2.2 – 6.2%	
Print Advertising	1.6%	1.1 – 2.4%	
Radio	2.1%	0.8 – 3.1%	
TV	1.4%	0.5 – 2.2%	
Internet/website	0.1%	0.0 – 0.2%	
Promo Staff	0.8%	0.2 – 1.2%	
Other Promo	1.4%	0.5 – 2.4%	
Total promo	5.1%	3.1 – 7.2%	
Employee training & education	0.2%	0.1 – 0.3%	
Other operating expenses	9.1%	6.9 – 13.3%	
Total operating expenses	38.7%	33.0 – 45.2%	
Operating profit	3.2%	1.3 – 6.0%	
Interest expense	1.3%	0.3 – 1.8%	
Other income/expense	0.3%	0.1 – 0.8%	
Net profit before tax	2.0%	0.8 – 4.8%	
<b>BALANCE SHEET</b>			
(As a Percent of Net Sales)			
<b>ASSETS</b>			
Accounts receivable (net)	1.9%	0.4 – 5.0%	
Inventory	42.8%	32.7 – 53.6%	
Other current assets	3.7%	1.7 – 8.7%	
Total current assets	50.5%	42.6 – 62.6%	
Fixed assets	4.4%	1.6 – 7.7%	
Other assets	0.0%	0.0 – 0.3%	
Total assets	55.4%	47.3 – 70.2%	
<b>LIABILITIES</b>			
Total current liabilities	20.7%	11.4 – 30.4%	
Long-term liabilities	3.3%	0.0 – 16.6%	
Net Worth	27.6%	14.8 – 37.2%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End – Sales \$1.5 Million Plus*

Merchandise Data	Typical	Middle Range	Your Data
<b>SALES GROWTH</b>			
Diamonds-loose only	0.2%	-11.2 – 30.4%	
Diamond jewelry	5.2%	-6.9 – 21.1%	
Colored stone jewelry	2.6%	-19.2 – 17.7%	
Cultured pearl jewelry	15.4%	-4.4 – 35.4%	
Karat gold jewelry	-2.2%	-10.9 – 22.8%	
Platinum jewelry	-6.5%	-15.1 – 34.7%	
Timepieces and watchbands	13.7%	-6.0 – 35.3%	
All other new fine jewelry	3.7%	-13.6 – 24.7%	
Estate/antique jewelry	-18.3%	-41.3 – 0.8%	
Flatware- All sterling silver, plated and stainless steel flatware	-0.9%	-41.4 – 6.9%	
Appraisals	0.0%	-4.7 – 31.6%	
Repairs	0.0%	-5.7 – 17.5%	
Fashion jewelry	0.0%	-11.1 – 14.5%	
Other	-1.7%	-17.4 – 20.1%	
<b>GROSS MARGIN</b>			
Diamonds-loose only	36.3%	31.1 – 44.7%	
Diamond jewelry	45.9%	40.9 – 49.6%	
Colored stone jewelry	51.2%	48.7 – 54.4%	
Cultured pearl jewelry	53.0%	40.1 – 57.1%	
Karat gold jewelry	50.0%	48.1 – 57.1%	
Platinum jewelry	49.7%	41.2 – 51.3%	
Timepieces and watchbands	36.9%	32.3 – 42.9%	
All other new fine jewelry	51.5%	40.8 – 57.5%	
Estate/antique jewelry	48.4%	43.4 – 64.9%	
Flatware- All sterling silver, plated and stainless steel flatware	58.5%	43.3 – 59.4%	
Appraisals	N.A.	N.A.	
Repairs	54.4%	36.9 – 81.8%	
Fashion jewelry	50.0%	45.5 – 55.3%	
Other	43.5%	36.0 – 50.0%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End– Sales \$1.5 Million Plus*

Merchandise Data - continued	Typical	Middle Range	Your Data
<b>INVENTORY TURNOVER</b>			
Diamonds-loose only	1.4X	1.0 – 2.0X	
Diamond jewelry	1.0X	0.8 – 1.2X	
Colored stone jewelry	1.0X	0.7 – 1.1X	
Cultured pearl jewelry	1.0X	0.7 – 1.8X	
Karat gold jewelry	1.0X	0.8 – 1.1X	
Platinum jewelry	0.9X	0.5 – 1.0X	
Timepieces and watchbands	1.0X	0.7 – 1.6X	
All other new fine jewelry	1.0X	0.9 – 1.4X	
Estate/antique jewelry	1.0X	0.5 – 1.5X	
Flatware- All sterling silver, plated and stainless steel flatware	N.A.	N.A.	
Appraisals	N.A.	N.A.	
Repairs	0.2X	0.0 – 1.0X	
Fashion jewelry	1.0X	0.7 – 1.5X	
Other	1.0X	1.0 – 1.5X	
Overall	1.0X	0.9 – 1.4X	
<b>DISTRIBUTION OF SALES</b>			
Diamonds-loose only	18.6%	11.8 – 27.1%	
Diamond jewelry	32.2%	24.4 – 39.3%	
Colored stone jewelry	8.7%	6.2 – 12.4%	
Cultured pearl jewelry	2.5%	1.5 – 4.2%	
Karat gold jewelry	6.6%	4.2 – 8.8%	
Platinum jewelry	2.0%	1.4 – 5.2%	
Timepieces and watchbands	12.0%	3.4 – 20.8%	
All other new fine jewelry	5.0%	2.1 – 8.5%	
Estate/antique jewelry	1.1%	0.3 – 4.6%	
Flatware- All sterling silver, plated and stainless steel flatware	0.4%	0.1 – 1.3%	
Appraisals	0.4%	0.3 – 0.8%	
Repairs	6.1%	4.0 – 8.8%	
Fashion jewelry	3.7%	1.3 – 8.3%	
Other	3.3%	0.8 – 4.7%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent High End– Sales \$1.5 Million Plus*

<b>Merchandise Data - continued</b>	<b>Typical</b>	<b>Middle Range</b>	<b>Your Data</b>
<b>GROSS MARGIN RETURN ON INVENTORY</b>			
Diamonds-loose only	94.5%	56.2 – 132.0%	
Diamond jewelry	85.1%	66.2 – 117.8%	
Colored stone jewelry	108.8%	59.8 – 129.1%	
Cultured pearl jewelry	106.8%	81.2 – 152.7%	
Karat gold jewelry	105.3%	56.5 – 139.3%	
Platinum jewelry	87.6%	46.2 – 108.7%	
Timepieces and watchbands	60.6%	43.6 – 93.0%	
All other new fine jewelry	99.6%	83.1 – 149.4%	
Estate/antique jewelry	82.6%	29.1 – 307.3%	
Flatware- All sterling silver, plated and stainless steel flatware	N.A.	N.A.	
Appraisals	N.A.	N.A.	
Repairs	56.0%	31.2 – 129.2%	
Fashion jewelry	103.7%	65.8 – 141.4%	
Other	77.0%	46.7 – 134.3%	
<b>COMPANY PROFILE</b>			
Annual Net Sales	\$2,458,774	\$1,762,240 – 3,323,619	
Full Time Equivalent Employees	8.5	6.0 – 10.2	
Number of Stores	1	1	
Average Store Size (Total Sq. Ft.)	2,867	2,000 – 4,375	



Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PROFITABILITY</b>			
Net Profit Before Tax to Net Sales	5.4%	0.6 – 12.2%	
Net Profit Before Tax to Total Assets	6.0%	0.6 – 15.5%	
Net Profit Before Tax to Net Worth	11.3%	0.9 – 26.4%	
EBIT to Net Sales	6.6%	2.8 – 12.8%	
EBIT to Total Assets	9.6%	4.5 – 16.2%	
<b>PRODUCTIVITY</b>			
<b>SPACE</b>			
Net Sales Per Store	\$692,250	\$370,443 – 1,199,402	
Sales Per Square Foot – Total Area	\$405.30	\$229.57 – 644.58	
Sales Per Square Foot – Selling Area	\$647.44	\$352.20 – 996.01	
Gross Margin Per Sq. Foot – Total Area	\$205.08	\$114.90 – 299.51	
Gross Margin Per Sq. Foot – Selling Area	\$308.15	\$166.81 – 509.83	
Selling to Total Store Space	62.5%	50.0 – 75.8%	
<b>INVENTORY</b>			
Gross Margin	50.7%	44.0 – 56.2%	
Inventory Turnover	1.1X	0.8 – 1.6X	
Gross Margin Return on Inv.	107.0%	72.2 – 161.4%	
Sales to Inventory	2.1X	1.6 – 3.2X	
Asset Turnover	1.6X	1.0 – 2.0X	
Sales Growth Over Previous Year	2.5%	-2.4 – 17.1%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PERSONNEL</b>			
Sales Per Full-Time Employee	\$180,816	\$141,914 – 250,526	
Sales Per Full & Part Time Employee	\$144,444	\$104,437 – 185,805	
Sales Per Full, Part & Seasonal Employee	\$137,592	\$96,102 – 181,930	
Gross Margin Per Full-Time Employee	\$89,519	\$66,870 – 119,710	
Gross Margin Per Full & Part-Time Employee	\$69,169	\$53,438 – 91,276	
Gross Margin Per Full, Part & Seasonal Employee	\$67,083	\$50,456 – 90,016	
Payroll (include fringes)-% of Net Sales	21.5%	16.6 – 25.7%	
Payroll (include fringes) Per Employee (all categories)	\$31,202	\$19,855 – 40,827	
<b>FINANCIAL MANAGEMENT</b>			
<b>LEVERAGE</b>			
Total Debt to Total Assets	35.3%	16.4 – 62.3%	
Long-term Debt to Total Capital	5.0%	0.0 – 19.6%	
<b>WORKING CAPITAL</b>			
Current Ratio	3.1	1.9 – 6.4	
Quick Ratio (Acid Test)	0.5	0.2 – 1.2	
Inventory to Net Working Capital	1.1	0.8 – 1.4	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range*

Key Performance Measure	Typical	Middle Range	Your Data
<b>INCOME STATEMENT</b>			
Net Sales	100%	100.0%	
Cost of Goods Sold	49.3%	43.8 – 56.0%	
Gross Margin	50.7%	44.0 – 56.2%	
<b>OPERATING EXPENSES</b>			
Payroll (including owners & fringes)	21.5%	16.6 – 25.7%	
Occupancy	4.6%	2.8 – 7.1%	
Print Advertising	1.6%	0.7 – 3.0%	
Radio	1.1%	0.4 – 2.6%	
TV	1.4%	0.5 – 2.4%	
Internet/website	0.2%	0.1 – 0.5%	
Promo Staff	0.4%	0.2 – 0.9%	
Other Promo	0.8%	0.3 – 1.3%	
Total	4.7%	2.7 – 6.5%	
Employee training & education	0.3%	0.1 – 0.5%	
Other operating expenses	11.0%	6.8 – 14.5%	
Total operating expenses	42.2%	35.7 – 49.6%	
Operating profit	5.6%	0.6 – 12.4%	
Interest expense	1.0%	0.4 – 2.0%	
Other income/expense	0.4%	0.1 – 1.5%	
Net profit before tax	5.4%	0.6 – 12.2%	
<b>BALANCE SHEET</b>			
(As a Percent of Net Sales)			
<b>ASSETS</b>			
Accounts receivable (net)	1.1%	0.0 – 3.6%	
Inventory	46.5%	31.2 – 63.9%	
Other current assets	5.3%	0.5 – 11.2%	
Total current assets	58.0%	40.5 – 76.0%	
Fixed assets	3.1%	0.7 – 12.5%	
Other assets	0.0%	0.0 – 0.9%	
Total assets	61.1%	46.4 – 87.5%	
<b>LIABILITIES</b>			
Total current liabilities	13.2%	7.2 – 25.6%	
Long-term liabilities	2.4%	0.0 – 12.3%	
Net Worth	37.6%	18.1 – 63.5%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range*

Merchandise Data	Typical	Middle Range	Your Data
<b>SALES GROWTH</b>			
Diamonds-loose only	0.0%	-13.1 – 24.4%	
Diamond jewelry	9.2%	-7.0 – 26.1%	
Colored stone jewelry	11.5%	-9.7 – 37.3%	
Cultured pearl jewelry	3.9%	-17.5 – 43.0%	
Karat gold jewelry	1.7%	-11.0 – 17.5%	
Platinum jewelry	-0.6%	-28.2 – 15.8%	
Timepieces and watchbands	6.5%	-13.6 – 19.3%	
All other new fine jewelry	5.5%	-30.8 – 20.7%	
Estate/antique jewelry	17.6%	-0.9 – 100.0%	
Flatware- All sterling silver, plated and stainless steel flatware	-1.7%	-26.5 – 3.0%	
Appraisals	6.5%	-9.4 – 31.1%	
Repairs	1.9%	-5.5 – 14.2%	
Fashion jewelry	-0.4%	-16.4 – 18.3%	
Other	0.8%	-35.6 – 56.1%	
<b>GROSS MARGIN</b>			
Diamonds-loose only	37.4%	26.9 – 46.3%	
Diamond jewelry	48.3%	43.5 – 53.3%	
Colored stone jewelry	52.5%	49.0 – 57.6%	
Cultured pearl jewelry	53.6%	50.0 – 60.0%	
Karat gold jewelry	52.8%	47.9 – 57.0%	
Platinum jewelry	50.0%	44.6 – 54.7%	
Timepieces and watchbands	49.2%	41.0 – 52.2%	
All other new fine jewelry	53.3%	46.0 – 59.6%	
Estate/antique jewelry	50.0%	24.8 – 54.3%	
Flatware- All sterling silver, plated and stainless steel flatware	52.1%	49.9 – 59.3%	
Appraisals	N.A.	N.A.	
Repairs	60.2%	50.0 – 72.8%	
Fashion jewelry	53.8%	48.1 – 61.3%	
Other	49.8%	41.3 – 54.1%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range*

Merchandise Data - continued	Typical	Middle Range	Your Data
<b>INVENTORY TURNOVER</b>			
Diamonds-loose only	1.0X	0.9 – 1.6X	
Diamond jewelry	1.0X	0.6 – 1.1X	
Colored stone jewelry	0.9X	0.4 – 1.0X	
Cultured pearl jewelry	1.0X	0.6 – 1.0X	
Karat gold jewelry	1.0X	0.7 – 1.2X	
Platinum jewelry	1.0X	0.6 – 1.0X	
Timepieces and watchbands	1.0X	0.6 – 1.1X	
All other new fine jewelry	1.0X	0.8 – 1.6X	
Estate/antique jewelry	1.0X	0.3 – 1.1X	
Flatware- All sterling silver, plated and stainless steel flatware	0.5X	0.4 – 0.8X	
Appraisals	N.A.	N.A.	
Repairs	1.0X	1.0 – 2.2X	
Fashion jewelry	1.0X	0.6 – 1.4X	
Other	1.0X	0.7 – 1.9X	
Overall	1.0X	0.8 – 1.4X	
<b>DISTRIBUTION OF SALES</b>			
Diamonds-loose only	13.4%	7.0 – 19.6%	
Diamond jewelry	31.8%	22.9 – 41.0%	
Colored stone jewelry	8.9%	5.8 – 14.5%	
Cultured pearl jewelry	1.9%	1.0 – 2.9%	
Karat gold jewelry	9.2%	6.4 – 13.7%	
Platinum jewelry	1.4%	0.7 – 3.5%	
Timepieces and watchbands	4.3%	2.5 – 6.0%	
All other new fine jewelry	4.0%	2.0 – 9.9%	
Estate/antique jewelry	2.3%	0.9 – 5.0%	
Flatware- All sterling silver, plated and stainless steel flatware	1.3%	0.5 – 3.0%	
Appraisals	0.5%	0.2 – 1.0%	
Repairs	12.5%	8.0 – 19.5%	
Fashion jewelry	2.9%	1.4 – 4.5%	
Other	1.9%	0.6 – 4.5%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range*

<b>Merchandise Data - continued</b>	<b>Typical</b>	<b>Middle Range</b>	<b>Your Data</b>
<b>GROSS MARGIN RETURN ON INVENTORY</b>			
Diamonds-loose only	66.8%	34.9 – 101.9%	
Diamond jewelry	83.7%	66.7 – 107.1%	
Colored stone jewelry	100.0%	55.7 – 117.3%	
Cultured pearl jewelry	101.7%	66.1 – 145.7%	
Karat gold jewelry	105.9%	72.4 – 143.4%	
Platinum jewelry	91.1%	60.2 – 125.0%	
Timepieces and watchbands	89.0%	49.6 – 113.4%	
All other new fine jewelry	120.7%	92.6 – 182.6%	
Estate/antique jewelry	71.2%	31.1 – 112.5%	
Flatware- All sterling silver, plated and stainless steel flatware	57.1%	41.7 – 105.2%	
Appraisals	N.A.	N.A.	
Repairs	180.9%	100.0 – 663.5%	
Fashion jewelry	123.7%	85.6 – 181.0%	
Other	90.8%	51.9 – 165.2%	
<b>COMPANY PROFILE</b>			
Annual Net Sales	\$692,250	\$370,443 – 1,199,402	
Full Time Equivalent Employees	5.0	3.5 – 7.0	
Number of Stores	1	1	
Average Store Size (Total Sq. Ft.)	1,800	1,200 – 2,500	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range - Sales under \$500,000*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PROFITABILITY</b>			
Net Profit Before Tax to Net Sales	5.1%	0.0 – 15.1%	
Net Profit Before Tax to Total Assets	5.6%	0.0 – 16.0%	
Net Profit Before Tax to Net Worth	9.9%	-0.2 – 29.1%	
EBIT to Net Sales	5.4%	1.0 – 12.8%	
EBIT to Total Assets	8.6%	1.5 – 17.3%	
<b>PRODUCTIVITY</b>			
<b>SPACE</b>			
Net Sales Per Store	\$246,801	\$152,785 – 368,924	
Sales Per Square Foot – Total Area	\$185.94	\$108.80 – 310.44	
Sales Per Square Foot – Selling Area	\$276.40	\$181.91 – 522.89	
Gross Margin Per Sq. Foot – Total Area	\$98.08	\$55.88 – 155.68	
Gross Margin Per Sq. Foot – Selling Area	\$149.20	\$93.22 – 277.22	
Selling to Total Store Space	62.9%	50.0 – 79.2%	
<b>INVENTORY</b>			
Gross Margin	55.1%	50.6 – 61.1%	
Inventory Turnover	0.9X	0.7 – 1.4X	
Gross Margin Return on Inv.	102.0%	69.3 – 191.5%	
Sales to Inventory	1.9X	1.6 – 3.1X	
Asset Turnover	1.4X	0.9 – 2.1X	
Sales Growth Over Previous Year	3.0%	-5.2 – 17.3%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range - Sales under \$500,000*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PERSONNEL</b>			
Sales Per Full-Time Employee	\$116,965	\$80,314 – 170,926	
Sales Per Full & Part Time Employee	\$89,299	\$61,911 – 119,788	
Sales Per Full, Part & Seasonal Employee	\$85,714	\$60,000 – 104,211	
Gross Margin Per Full-Time Employee	\$67,811	\$45,366 – 87,500	
Gross Margin Per Full & Part-Time Employee	\$50,172	\$32,576 – 61,878	
Gross Margin Per Full, Part & Seasonal Employee	\$44,776	\$30,198 – 57,807	
Payroll (include fringes)-% of Net Sales	21.8%	15.8 – 27.0%	
Payroll (include fringes) Per Employee (all categories)	\$16,512	\$11,062 – 23,246	
<b>FINANCIAL MANAGEMENT</b>			
<b>LEVERAGE</b>			
Total Debt to Total Assets	48.7%	16.9 – 76.8%	
Long-term Debt to Total Capital	1.6%	0.0 – 20.0%	
<b>WORKING CAPITAL</b>			
Current Ratio	2.3	1.7 – 6.0	
Quick Ratio (Acid Test)	0.3	0.2 – 1.0	
Inventory to Net Working Capital	1.1	0.8 – 1.7	



Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range- Sales under \$500,000*

Key Performance Measure	Typical	Middle Range	Your Data
<b>INCOME STATEMENT</b>			
Net Sales	100%	100.0%	
Cost of Goods Sold	44.9%	38.9 – 49.4%	
Gross Margin	55.1%	50.6 – 61.1%	
<b>OPERATING EXPENSES</b>			
Payroll (including owners & fringes)	21.8%	15.8 – 27.0%	
Occupancy	6.4%	4.2 – 9.8%	
Print Advertising	2.4%	1.2 – 4.0%	
Radio	1.6%	0.4 – 3.2%	
TV	1.7%	0.9 – 3.0%	
Internet/website	0.2%	0.2 – 0.9%	
Promo Staff	0.5%	0.2 – N.A.	
Other Promo	0.9%	0.4 – 1.9%	
Total	4.8%	2.8 – 8.2%	
Employee training & education	0.4%	0.1 – 0.6%	
Other operating expenses	13.0%	6.5 – 18.4%	
Total operating expenses	47.7%	35.7 – 56.4%	
Operating profit	4.4%	0.1 – 16.4%	
Interest expense	1.7%	0.6 – 4.2%	
Other income/expense	0.4%	0.0 – 1.6%	
Net profit before tax	5.1%	0.0 – 15.1%	
<b>BALANCE SHEET</b>			
(As a Percent of Net Sales)			
<b>ASSETS</b>			
Accounts receivable (net)	0.8%	0.0 – 3.0%	
Inventory	52.9%	31.9 – 64.5%	
Other current assets	5.3%	0.3 – 12.5%	
Total current assets	60.8%	36.7 – 77.2%	
Fixed assets	3.7%	0.1 – 14.5%	
Other assets	0.0%	0.0 – 1.7%	
Total assets	72.0%	47.6 – 98.7%	
<b>LIABILITIES</b>			
Total current liabilities	13.2%	5.3 – 35.6%	
Long-term liabilities	1.2%	0.0 – 9.7%	
Net Worth	31.8%	12.3 – 63.9%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range - Sales under \$500,000*

Merchandise Data	Typical	Middle Range	Your Data
<b>SALES GROWTH</b>			
Diamonds-loose only	0.0%	-25.6 – 57.2%	
Diamond jewelry	12.7%	-4.5 – 33.3%	
Colored stone jewelry	0.0%	-10.2 – 18.0%	
Cultured pearl jewelry	0.0%	-30.0 – 39.6%	
Karat gold jewelry	0.0%	-11.0 – 10.3%	
Platinum jewelry	N.A.	N.A.	
Timepieces and watchbands	0.0%	-35.7 – 27.6%	
All other new fine jewelry	0.0%	-42.8 – 31.2%	
Estate/antique jewelry	-0.5%	-7.8 – 35.5%	
Flatware- All sterling silver, plated and stainless steel flatware	N.A.	N.A.	
Appraisals	8.1%	0.0 – 51.8%	
Repairs	0.0%	-5.3 – 13.9%	
Fashion jewelry	12.7%	-1.2% – N.A.	
Other	27.8	-53.1 – 89.1%	
<b>GROSS MARGIN</b>			
Diamonds-loose only	41.5%	28.4 – 50.0%	
Diamond jewelry	50.0%	40.0 – 53.7%	
Colored stone jewelry	52.0%	50.0 – 55.0%	
Cultured pearl jewelry	50.0%	50.0 – 60.2%	
Karat gold jewelry	52.2%	49.0 – 61.0%	
Platinum jewelry	46.7%	38.5 – 55.8%	
Timepieces and watchbands	50.7%	48.7 – 54.6%	
All other new fine jewelry	57.5%	50.5 – 64.4%	
Estate/antique jewelry	37.2%	20.4 – 63.9%	
Flatware- All sterling silver, plated and stainless steel flatware	53.5%	50.0 – 60.0%	
Appraisals	N.A.	N.A.	
Repairs	66.7%	50.0 – 88.0%	
Fashion jewelry	60.2%	52.9 – 62.5%	
Other	56.8%	50.6 – 61.5%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range - Sales under \$500,000*

Merchandise Data - continued	Typical	Middle Range	Your Data
<b>INVENTORY TURNOVER</b>			
Diamonds-loose only	1.0X	0.3 – 1.1X	
Diamond jewelry	1.0X	0.6 – 1.1X	
Colored stone jewelry	0.8X	0.3 – 1.0X	
Cultured pearl jewelry	1.0X	0.5 – 1.3X	
Karat gold jewelry	0.8X	0.6 – 1.0X	
Platinum jewelry	1.0X	0.3 – 2.4X	
Timepieces and watchbands	0.6X	0.3 – 1.0X	
All other new fine jewelry	0.9X	0.6 – 1.3X	
Estate/antique jewelry	0.3X	0.1 – 0.8X	
Flatware- All sterling silver, plated and stainless steel flatware	0.5X	0.4 – 0.6X	
Appraisals	N.A.	N.A.	
Repairs	1.0X	1.0 – 3.3X	
Fashion jewelry	0.9X	0.5 – 1.3X	
Other	1.0X	0.6 – 6.6X	
Overall	1.0X	0.7 – 1.1X	
<b>DISTRIBUTION OF SALES</b>			
Diamonds-loose only	13.0%	2.8 – 19.4%	
Diamond jewelry	25.1%	19.8 – 41.7%	
Colored stone jewelry	7.7%	5.4 – 13.1%	
Cultured pearl jewelry	2.0%	1.1 – 3.1%	
Karat gold jewelry	9.8%	6.9 – 12.1%	
Platinum jewelry	3.7%	1.1 – 8.9%	
Timepieces and watchbands	4.8%	2.6 – 8.6%	
All other new fine jewelry	4.9%	2.3 – 11.5%	
Estate/antique jewelry	2.1%	1.1 – 3.0%	
Flatware- All sterling silver, plated and stainless steel flatware	2.5%	1.6 – 5.7%	
Appraisals	0.9%	0.4 – 1.2%	
Repairs	17.0%	10.6 – 25.3%	
Fashion jewelry	4.0%	1.6 – 5.6%	
Other	2.2%	0.9 – 4.2%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range - Sales under \$500,000*

<b>Merchandise Data - continued</b>	<b>Typical</b>	<b>Middle Range</b>	<b>Your Data</b>
<b>GROSS MARGIN RETURN ON INVENTORY</b>			
Diamonds-loose only	59.9%	22.7 – 90.6%	
Diamond jewelry	78.6%	55.3 – 111.9%	
Colored stone jewelry	86.0%	33.9 – 115.4%	
Cultured pearl jewelry	101.7%	51.4 – 151.6%	
Karat gold jewelry	86.7%	66.6 – 170.7%	
Platinum jewelry	78.7%	29.0 – 252.4%	
Timepieces and watchbands	90.8%	31.5 – 108.5%	
All other new fine jewelry	110.9%	79.6 – 198.1%	
Estate/antique jewelry	31.1%	8.5 – 63.3%	
Flatware- All sterling silver, plated and stainless steel flatware	47.4%	42.4 – 91.9%	
Appraisals	N.A.	N.A.	
Repairs	185.7%	149.4 – 446.4%	
Fashion jewelry	119.9%	79.3 – 234.1%	
Other	87.3%	59.6 – 545.9%	
<b>COMPANY PROFILE</b>			
Annual Net Sales	\$246,801	\$152,785 – 368,924	
Full Time Equivalent Employees	3.0	2.1 – 3.6	
Number of Stores	1	1	
Average Store Size (Total Sq. Ft.)	1,275	830 – 2,000	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range- Sales \$500,000 to \$1,000,000*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PROFITABILITY</b>			
Net Profit Before Tax to Net Sales	5.4%	0.3 – 12.3%	
Net Profit Before Tax to Total Assets	5.3%	0.3 – 13.1%	
Net Profit Before Tax to Net Worth	8.6%	-0.1 – 18.4%	
EBIT to Net Sales	7.5%	1.6 – 15.7%	
EBIT to Total Assets	6.4%	1.6 – 15.1%	
<b>PRODUCTIVITY</b>			
<b>SPACE</b>			
Net Sales Per Store	\$651,345	\$547,617 – 832,800	
Sales Per Square Foot – Total Area	\$425.13	\$288.80 – 561.08	
Sales Per Square Foot – Selling Area	\$675.59	\$455.00 – 951.11	
Gross Margin Per Sq. Foot – Total Area	\$204.25	\$134.16 – 285.24	
Gross Margin Per Sq. Foot – Selling Area	\$331.12	\$180.41 – 437.72	
Selling to Total Store Space	66.7%	50.0 – 78.1%	
<b>INVENTORY</b>			
Gross Margin	48.0%	42.0 – 55.9%	
Inventory Turnover	1.0X	0.7 – 1.3X	
Gross Margin Return on Inv.	97.9%	60.8 – 135.6%	
Sales to Inventory	2.0X	1.4 – 2.7X	
Asset Turnover	1.3X	0.8 – 1.8X	
Sales Growth Over Previous Year	1.8%	-4.6 – 9.0%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range- Sales \$500,000 to \$1,000,000*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PERSONNEL</b>			
Sales Per Full-Time Employee	\$185,197	\$160,477 – 250,351	
Sales Per Full & Part Time Employee	\$146,053	\$125,361 – 179,578	
Sales Per Full, Part & Seasonal Employee	\$143,596	\$120,000 – 176,471	
Gross Margin Per Full-Time Employee	\$91,667	\$69,024 – 117,742	
Gross Margin Per Full & Part-Time Employee	\$69,647	\$56,760 – 88,045	
Gross Margin Per Full, Part & Seasonal Employee	\$69,689	\$56,573 – 84,900	
Payroll (include fringes)-% of Net Sales	20.5%	16.1 – 24.5%	
Payroll (include fringes) Per Employee (all categories)	\$31,159	\$24,583 – 38,520	
<b>FINANCIAL MANAGEMENT</b>			
<b>LEVERAGE</b>			
Total Debt to Total Assets	32.2%	16.4 – 48.4%	
Long-term Debt to Total Capital	5.4%	0.0 – 16.1%	
<b>WORKING CAPITAL</b>			
Current Ratio	4.2	2.5 – 6.5	
Quick Ratio (Acid Test)	0.5	0.1 – 1.1	
Inventory to Net Working Capital	1.1	0.9 – 1.3	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range- Sales \$500,000 to \$1,000,000*

Key Performance Measure	Typical	Middle Range	Your Data
<b>INCOME STATEMENT</b>			
Net Sales	100%	100.0%	
Cost of Goods Sold	52.0%	44.1 – 58.0%	
Gross Margin	48.0%	42.0 – 55.9%	
<b>OPERATING EXPENSES</b>			
Payroll (including owners & fringes)	20.5%	16.1 – 24.5%	
Occupancy	4.4%	2.6 – 7.0%	
Print Advertising	1.7%	0.9 – 2.5%	
Radio	0.7%	0.2 – 3.0%	
TV	0.9%	0.2 – 3.1%	
Internet/website	0.1%	0.0 – 0.4%	
Promo Staff	0.2%	0.1 – 0.3%	
Other Promo	0.6%	0.3 – 1.1%	
Total	3.9%	1.7 – 6.1%	
Employee training & education	0.3%	0.1 – 0.4%	
Other operating expenses	11.5%	10.0 – 15.4%	
Total operating expenses	42.8%	34.5 – 48.2%	
Operating profit	4.7%	-0.1 – 11.2%	
Interest expense	0.7%	0.4 – 1.2%	
Other income/expense	0.5%	0.1 – 3.2%	
Net profit before tax	5.4%	0.3 – 12.3%	
<b>BALANCE SHEET</b>			
(As a Percent of Net Sales)			
<b>ASSETS</b>			
Accounts receivable (net)	1.2%	0.0 – 3.6%	
Inventory	50.7%	37.7 – 71.5%	
Other current assets	4.6%	1.0 – 10.6%	
Total current assets	61.8%	41.8 – 83.6%	
Fixed assets	2.8%	0.4 – 10.1%	
Other assets	0.0%	0.0 – 0.5%	
Total assets	73.2%	48.8 – 106.7%	
<b>LIABILITIES</b>			
Total current liabilities	16.8%	9.4 – 22.4%	
Long-term liabilities	2.7%	0.0 – 11.3%	
Net Worth	52.1%	26.6 – 86.6%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range- Sales \$500,000 to \$1,000,000*

Merchandise Data	Typical	Middle Range	Your Data
<b>SALES GROWTH</b>			
Diamonds-loose only	-2.8%	-10.0 – 17.2%	
Diamond jewelry	1.3%	-20.8 – 24.5%	
Colored stone jewelry	16.0%	-1.4 – 44.0%	
Cultured pearl jewelry	9.3%	-10.0 – 46.5%	
Karat gold jewelry	3.0%	-10.9 – 17.3%	
Platinum jewelry	-3.7%	-31.9 – 18.2%	
Timepieces and watchbands	6.0%	-11.3 – 19.3%	
All other new fine jewelry	6.6%	-25.4 – 46.8%	
Estate/antique jewelry	9.2%	-1.1 – 69.2%	
Flatware- All sterling silver, plated and stainless steel flatware	-1.7%	-46.8 – 5.1%	
Appraisals	3.3%	-22.6 – 51.5%	
Repairs	-2.5%	-6.4 – 5.8%	
Fashion jewelry	-5.9%	-24.5 – 22.5%	
Other	0.0%	-58.1 – 44.2%	
<b>GROSS MARGIN</b>			
Diamonds-loose only	30.3%	22.6 – 48.3%	
Diamond jewelry	48.3%	43.9 – 55.4%	
Colored stone jewelry	52.7%	47.3 – 58.4%	
Cultured pearl jewelry	51.3%	46.8 – 60.0%	
Karat gold jewelry	52.4%	48.9 – 58.1%	
Platinum jewelry	50.0%	50.0 – 57.5%	
Timepieces and watchbands	50.0%	39.4 – 51.0%	
All other new fine jewelry	50.0%	37.6 – 63.2%	
Estate/antique jewelry	N.A.	N.A.	
Flatware- All sterling silver, plated and stainless steel flatware	60.0%	49.9 – N.A.	
Appraisals	N.A.	N.A.	
Repairs	59.2%	50.7 – 67.0%	
Fashion jewelry	48.9%	35.2 – 54.9%	
Other	48.5%	39.2 – 53.4%	



Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range- Sales \$500,000 to \$1,000,000*

Merchandise Data - continued	Typical	Middle Range	Your Data
<b>INVENTORY TURNOVER</b>			
Diamonds-loose only	1.0X	1.0 – 2.3X	
Diamond jewelry	0.9X	0.5 – 1.0X	
Colored stone jewelry	0.9X	0.4 – 1.0X	
Cultured pearl jewelry	1.0X	0.5 – 1.2X	
Karat gold jewelry	1.0X	0.5 – 1.1X	
Platinum jewelry	0.8X	0.1 – 1.1X	
Timepieces and watchbands	1.0X	1.0 – 1.2X	
All other new fine jewelry	1.0X	0.7 – 1.6X	
Estate/antique jewelry	0.9X	0.2 – 1.8X	
Flatware- All sterling silver, plated and stainless steel flatware	0.4X	0.1 – N.A.	
Appraisals	N.A.	N.A.	
Repairs	1.0X	1.0 – 5.9X	
Fashion jewelry	1.0X	0.5 – 2.2X	
Other	1.0X	0.5 – 1.7X	
Overall	1.0X	0.7 – 1.3X	
<b>DISTRIBUTION OF SALES</b>			
Diamonds-loose only	14.0%	8.1 – 19.9%	
Diamond jewelry	29.7%	18.4 – 35.9%	
Colored stone jewelry	9.4%	6.9 – 14.8%	
Cultured pearl jewelry	2.0%	1.0 – 3.0%	
Karat gold jewelry	9.4%	6.4 – 15.3%	
Platinum jewelry	1.4%	1.0 – 1.8%	
Timepieces and watchbands	3.8%	2.8 – 4.9%	
All other new fine jewelry	5.7%	2.0 – 14.0%	
Estate/antique jewelry	3.0%	1.7 – 6.7%	
Flatware- All sterling silver, plated and stainless steel flatware	1.0%	0.4 – 1.9%	
Appraisals	0.5%	0.2 – 1.0%	
Repairs	14.5%	6.5 – 24.0%	
Fashion jewelry	4.0%	1.8 – 4.5%	
Other	1.8%	0.5 – 6.9%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range - Sales \$500,000 to \$1,000,000*

<b>Merchandise Data - continued</b>	<b>Typical</b>	<b>Middle Range</b>	<b>Your Data</b>
<b>GROSS MARGIN RETURN ON INVENTORY</b>			
Diamonds-loose only	78.7%	31.5 – 145.4%	
Diamond jewelry	74.3%	49.0 – 95.6%	
Colored stone jewelry	76.5%	54.8 – 106.6%	
Cultured pearl jewelry	100.3%	69.9 – 133.2%	
Karat gold jewelry	110.3%	53.7 – 162.2%	
Platinum jewelry	76.1%	35.5 – 107.6%	
Timepieces and watchbands	90.0%	64.2 – 156.0%	
All other new fine jewelry	122.2%	64.8 – 145.1%	
Estate/antique jewelry	100.0%	32.3 – 194.6%	
Flatware- All sterling silver, plated and stainless steel flatware	53.9%	10.5% – N.A.	
Appraisals	N.A.	N.A.	
Repairs	125.5%	100.0 – 937.5%	
Fashion jewelry	95.3%	58.7 – 150.6%	
Other	92.3%	44.8 – 173.3%	
<b>COMPANY PROFILE</b>			
Annual Net Sales	\$651,345	\$547,617 – 832,800	
Full Time Equivalent Employees	4.8	3.9 – 5.9	
Number of Stores	1	1	
Average Store Size (Total Sq. Ft.)	1,700	1,194 – 2,448	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range - Sales over \$1,000,000*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PROFITABILITY</b>			
Net Profit Before Tax to Net Sales	5.7%	1.6 – 10.3%	
Net Profit Before Tax to Total Assets	7.3%	2.4 – 18.0%	
Net Profit Before Tax to Net Worth	16.9%	6.2 – 32.2%	
EBIT to Net Sales	6.5%	3.5 – 10.9%	
EBIT to Total Assets	9.9%	6.6 – 19.5%	
<b>PRODUCTIVITY</b>			
<b>SPACE</b>			
Net Sales Per Store	\$1,408,468	\$1,169,862 – 2,018,415	
Sales Per Square Foot – Total Area	\$649.98	\$424.56 – 869.17	
Sales Per Square Foot – Selling Area	\$971.99	\$668.35 – 1,581.29	
Gross Margin Per Sq. Foot – Total Area	\$277.78	\$213.46 – 423.13	
Gross Margin Per Sq. Foot – Selling Area	\$507.28	\$323.18 – 755.56	
Selling to Total Store Space	60.2%	50.0 – 75.6%	
<b>INVENTORY</b>			
Gross Margin	48.2%	44.4 – 51.7%	
Inventory Turnover	1.3X	1.0 – 1.9X	
Gross Margin Return on Inv.	113.5%	91.6 – 164.9%	
Sales to Inventory	2.4X	2.0 – 3.5X	
Asset Turnover	1.8X	1.3 – 2.1X	
Sales Growth Over Previous Year	5.5%	-0.5 – 20.2%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range- Sales \$1,000,000 Plus*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PERSONNEL</b>			
Sales Per Full-Time Employee	\$234,041	\$178,718 – 278,338	
Sales Per Full & Part Time Employee	\$183,505	\$155,086 – 210,022	
Sales Per Full, Part & Seasonal Employee	\$180,555	\$149,738 – 210,355	
Gross Margin Per Full-Time Employee	\$105,895	\$82,885 – 138,695	
Gross Margin Per Full & Part-Time Employee	\$89,584	\$72,428 – 109,386	
Gross Margin Per Full, Part & Seasonal Employee	\$89,362	\$69,041 – 110,279	
Payroll (include fringes)-% of Net Sales	22.3%	18.9 – 26.0%	
Payroll (include fringes) Per Employee (all categories)	\$41,558	\$33,339 – 50,011	
<b>FINANCIAL MANAGEMENT</b>			
<b>LEVERAGE</b>			
Total Debt to Total Assets	38.7%	17.2 – 60.0%	
Long-term Debt to Total Capital	7.6%	0.0 – 26.1%	
<b>WORKING CAPITAL</b>			
Current Ratio	3.1	2.1 – 6.1	
Quick Ratio (Acid Test)	0.5	0.2 – 1.4	
Inventory to Net Working Capital	1.1	0.8 – 1.4	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range- Sales \$1,000,000 Plus*

Key Performance Measure	Typical	Middle Range	Your Data
<b>INCOME STATEMENT</b>			
Net Sales	100%	100.0%	
Cost of Goods Sold	51.8%	48.3 – 55.6%	
Gross Margin	48.2%	44.4 – 51.7%	
<b>OPERATING EXPENSES</b>			
Payroll (including owners & fringes)	22.3%	18.9 – 26.0%	
Occupancy	4.0%	2.5 – 6.2%	
Print Advertising	1.1%	0.6 – 2.9%	
Radio	1.1%	0.6 – 2.2%	
TV	1.5%	0.4 – 2.2%	
Internet/website	0.1%	0.1 – 0.5%	
Promo Staff	0.8%	0.3 – 1.1%	
Other Promo	0.9%	0.4 – 1.3%	
Total	4.7%	3.5 – 6.1%	
Employee training & education	0.3%	0.1 – 0.4%	
Other operating expenses	8.5%	6.4 – 11.8%	
Total operating expenses	41.9%	34.7 – 46.5%	
Operating profit	6.0%	2.5 – 11.4%	
Interest expense	0.8%	0.3 – 1.9%	
Other income/expense	0.2%	0.1 – 1.3%	
Net profit before tax	5.7%	1.6 – 10.3%	
<b>BALANCE SHEET</b>			
(As a Percent of Net Sales)			
<b>ASSETS</b>			
Accounts receivable (net)	1.8%	0.0 – 4.1%	
Inventory	41.3%	28.6 – 50.6%	
Other current assets	5.6%	0.3 – 10.0%	
Total current assets	50.6%	39.3 – 67.0%	
Fixed assets	3.5%	1.4 – 12.3%	
Other assets	0.0%	0.0 – 0.6%	
Total assets	54.3%	44.4 – 76.0%	
<b>LIABILITIES</b>			
Total current liabilities	12.4%	6.2 – 22.4%	
Long-term liabilities	3.6%	0.0 – 14.2%	
Net Worth	36.2%	21.9 – 49.6%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range- Sales \$1,000,000 Plus*

Merchandise Data	Typical	Middle Range	Your Data
<b>SALES GROWTH</b>			
Diamonds-loose only	8.5%	-11.2 – 42.2%	
Diamond jewelry	11.1%	-1.1 – 26.3%	
Colored stone jewelry	11.1%	-15.6 – 36.2%	
Cultured pearl jewelry	5.8%	-25.6 – 37.8%	
Karat gold jewelry	5.7%	-11.6 – 30.6%	
Platinum jewelry	-1.5%	-37.5 – 10.4%	
Timepieces and watchbands	11.4%	-18.3 – 25.7%	
All other new fine jewelry	5.6%	-58.3 – 20.1%	
Estate/antique jewelry	100.0%	29.7 – 169.5%	
Flatware- All sterling silver, plated and stainless steel flatware	-18.5%	-26.0 – 2.5%	
Appraisals	6.5%	-14.3 – 20.0%	
Repairs	7.5%	-2.9 – 17.1%	
Fashion jewelry	-1.5%	-13.9 – 18.5%	
Other	16.5%	-34.5 – 75.2%	
<b>GROSS MARGIN</b>			
Diamonds-loose only	37.7%	30.8 – 45.0%	
Diamond jewelry	47.9%	45.4 – 52.5%	
Colored stone jewelry	52.5%	49.1 – 58.0%	
Cultured pearl jewelry	54.5%	50.2 – 60.3%	
Karat gold jewelry	53.7%	46.5 – 56.2%	
Platinum jewelry	50.0%	43.8 – 51.5%	
Timepieces and watchbands	43.5%	37.9 – 51.0%	
All other new fine jewelry	53.3%	47.6 – 57.2%	
Estate/antique jewelry	50.0%	30.0 – 50.0%	
Flatware- All sterling silver, plated and stainless steel flatware	51.3%	42.6 – 54.4%	
Appraisals	N.A.	N.A.	
Repairs	55.9%	44.9 – 77.5%	
Fashion jewelry	55.3%	50.0 – 61.1%	
Other	48.5%	39.8 – 50.7%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range - Sales \$1,000,000 Plus*

Merchandise Data - continued	Typical	Middle Range	Your Data
<b>INVENTORY TURNOVER</b>			
Diamonds-loose only	1.0X	0.9 – 1.6X	
Diamond jewelry	1.0X	0.9 – 1.2X	
Colored stone jewelry	1.0X	0.8 – 1.0X	
Cultured pearl jewelry	0.9X	0.7 – 1.0X	
Karat gold jewelry	1.1X	1.0 – 1.4X	
Platinum jewelry	1.0X	0.9 – 1.0X	
Timepieces and watchbands	1.0X	0.7 – 1.2X	
All other new fine jewelry	1.0X	1.0 – 2.3X	
Estate/antique jewelry	1.1X	1.0 – 1.9X	
Flatware- All sterling silver, plated and stainless steel flatware	0.8X	0.4 – 1.1X	
Appraisals	N.A.	N.A.	
Repairs	1.0X	1.0 – 7.2X	
Fashion jewelry	1.0X	0.9 – 1.4X	
Other	1.0X	1.0 – 2.6X	
Overall	1.0X	1.0 – 1.6X	
<b>DISTRIBUTION OF SALES</b>			
Diamonds-loose only	13.4%	7.3 – 20.2%	
Diamond jewelry	35.9%	25.5 – 42.7%	
Colored stone jewelry	9.5%	5.3 – 15.3%	
Cultured pearl jewelry	1.6%	1.0 – 2.5%	
Karat gold jewelry	8.6%	5.9 – 14.7%	
Platinum jewelry	1.3%	0.6 – 4.8%	
Timepieces and watchbands	4.3%	2.3 – 8.3%	
All other new fine jewelry	3.0%	1.6 – 4.4%	
Estate/antique jewelry	1.0%	0.4 – 4.7%	
Flatware- All sterling silver, plated and stainless steel flatware	0.8%	0.3 – 3.4%	
Appraisals	0.4%	0.2 – 0.8%	
Repairs	11.0%	7.9 – 13.8%	
Fashion jewelry	2.3%	1.1 – 4.1%	
Other	1.4%	0.5 – 4.3%	

Jewelers of America 2006 Cost of Doing Business Survey

*Independent Mid Range - Sales \$1,000,000 Plus*

<b>Merchandise Data - continued</b>	<b>Typical</b>	<b>Middle Range</b>	<b>Your Data</b>
<b>GROSS MARGIN RETURN ON INVENTORY</b>			
Diamonds-loose only	66.9%	48.3 – 95.5%	
Diamond jewelry	92.0%	79.8 – 120.8%	
Colored stone jewelry	102.4%	97.1 – 131.2%	
Cultured pearl jewelry	105.2%	68.7 – 144.1%	
Karat gold jewelry	116.1%	94.0 – 132.0%	
Platinum jewelry	97.2%	70.2 – 120.5%	
Timepieces and watchbands	74.7%	49.4 – 113.5%	
All other new fine jewelry	157.3%	107.0 – 192.0%	
Estate/antique jewelry	85.6%	55.7 – 118.8%	
Flatware- All sterling silver, plated and stainless steel flatware	86.6%	44.9 – 119.3%	
Appraisals	N.A.	N.A.	
Repairs	391.8%	100.0 – 872.7%	
Fashion jewelry	136.1%	106.2 – 181.0%	
Other	89.3%	66.9 – 156.5%	
<b>COMPANY PROFILE</b>			
Annual Net Sales	\$1,408,468	\$1,169,862 – 2,018,415	
Full Time Equivalent Employees	7.8	6.5 – 10.0	
Number of Stores	1	1	
Average Store Size (Total Sq. Ft.)	2,400	1,800 – 3,500	



Jewelers of America 2006 Cost of Doing Business Survey

*Chains*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PROFITABILITY</b>			
Net Profit Before Tax to Net Sales	2.6%	0.2 – 7.0%	
Net Profit Before Tax to Total Assets	3.8%	0.3 – 10.4%	
Net Profit Before Tax to Net Worth	9.5%	0.4 – 20.7%	
EBIT to Net Sales	3.5%	1.5 – 7.4%	
EBIT to Total Assets	5.8%	2.7 – 11.0%	
<b>PRODUCTIVITY</b>			
<b>SPACE</b>			
Net Sales Per Store	\$1,838,531	\$1,237,685 – 3,350,369	
Sales Per Square Foot – Total Area	\$866.80	\$682.22 – 1,370.89	
Sales Per Square Foot – Selling Area	\$1,186.81	\$946.67 – 1,834.47	
Gross Margin Per Sq. Foot – Total Area	\$465.32	\$330.57 – 612.79	
Gross Margin Per Sq. Foot – Selling Area	\$610.71	\$432.96 – 741.21	
Selling to Total Store Space	80.0%	69.7 – 88.6%	
<b>INVENTORY</b>			
Gross Margin	48.4%	44.5 – 50.8%	
Inventory Turnover	1.2X	1.1 – 1.4X	
Gross Margin Return on Inv.	116.2%	91.0 – 132.9%	
Sales to Inventory	2.3X	2.1 – 2.8X	
Asset Turnover	1.5X	1.2 – 1.8X	
Sales Growth Over Previous Year	4.9%	0.5 – 11.1%	

Jewelers of America 2006 Cost of Doing Business Survey

*Chains*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PERSONNEL</b>			
Sales Per Full-Time Employee	\$227,031	\$183,158 – 318,662	
Sales Per Full & Part Time Employee	\$184,715	\$153,152 – 265,727	
Sales Per Full, Part & Seasonal Employee	\$198,429	\$161,411 – 259,812	
Gross Margin Per Full-Time Employee	\$108,935	\$87,349 – 149,098	
Gross Margin Per Full & Part-Time Employee	\$90,033	\$76,343 – 129,448	
Gross Margin Per Full, Part & Seasonal Employee	\$89,271	\$76,992 – 125,458	
Payroll (include fringes)-% of Net Sales	21.6%	18.3 – 25.3%	
Payroll (include fringes) Per Employee (all categories)	\$42,810	\$37,880 – 50,897	
<b>FINANCIAL MANAGEMENT</b>			
<b>LEVERAGE</b>			
Total Debt to Total Assets	46.3%	34.0 – 72.1%	
Long-term Debt to Total Capital	14.5%	3.3 – 21.3%	
<b>WORKING CAPITAL</b>			
Current Ratio	2.5	1.6 – 3.1	
Quick Ratio (Acid Test)	0.5	0.2 – 0.9	
Inventory to Net Working Capital	1.4	1.2 – 2.1	

Jewelers of America 2006 Cost of Doing Business Survey

*Chains*

Key Performance Measure	Typical	Middle Range	Your Data
<b>INCOME STATEMENT</b>			
Net Sales	100%	100.0%	
Cost of Goods Sold	51.6%	49.2 – 55.5%	
Gross Margin	48.4%	44.5 – 50.8%	
<b>OPERATING EXPENSES</b>			
Payroll (including owners & fringes)	21.6%	18.3 – 25.3%	
Occupancy	8.3%	6.5 – 10.6%	
Print Advertising	2.4%	1.1 – 3.2%	
Radio	2.1%	0.4 – 3.2%	
TV	0.4%	0.0 – 1.6%	
Internet/website	0.1%	0.0 – 0.1%	
Promo Staff	0.3%	0.2 – 0.3%	
Other Promo	0.4%	0.2 – 0.7%	
Total Promo	4.9%	4.0 – 5.8%	
Employee training & education	0.1%	0.1 – 0.3%	
Other operating expenses	8.0%	5.8 – 11.1%	
Total operating expenses	44.2%	38.9 – 49.2%	
Operating profit	4.2%	-0.2 – 8.7%	
Interest expense	1.1%	0.4 – 1.6%	
Other income/expense	0.4%	-0.8 – 2.3%	
Net profit before tax	2.6%	0.2 – 7.0%	
<b>BALANCE SHEET</b>			
(As a Percent of Net Sales)			
<b>ASSETS</b>			
Accounts receivable (net)	5.0%	0.5 – 10.2%	
Inventory	43.2%	35.4 – 46.8%	
Other current assets	2.0%	1.2 – 10.2%	
Total current assets	51.1%	45.1 – 64.2%	
Fixed assets	7.7%	5.1 – 12.7%	
Other assets	1.2%	0.0 – 4.7%	
Total assets	62.9%	52.6 – 69.8%	
<b>LIABILITIES</b>			
Total current liabilities	21.4%	16.9 – 34.2%	
Long-term liabilities	9.1%	2.4 – 15.0%	
Net Worth	36.6%	14.5 – 47.4%	

Jewelers of America 2006 Cost of Doing Business Survey

*Chains*

Merchandise Data	Typical	Middle Range	Your Data
<b>SALES GROWTH</b>			
Diamonds-loose only	3.3%	-8.3 – 9.7%	
Diamond jewelry	5.7%	-0.8 – 11.9%	
Colored stone jewelry	-3.0%	-8.8 – 5.2%	
Cultured pearl jewelry	5.2%	-10.3 – 22.2%	
Karat gold jewelry	-1.0%	-7.8 – 6.3%	
Platinum jewelry	N.A.	N.A.	
Timepieces and watchbands	6.2%	-1.2 – 17.2%	
All other new fine jewelry	-5.7%	-33.2 – 10.4%	
Estate/antique jewelry	N.A.	N.A.	
Flatware- All sterling silver, plated and stainless steel flatware	-3.1%	-9.7 – 16.5%	
Appraisals	8.9%	-1.7 – 43.3%	
Repairs	4.6%	-1.9 – 10.9%	
Fashion jewelry	13.7%	2.8 – 104.5%	
Other	9.0%	-0.4 – 21.5%	
<b>GROSS MARGIN</b>			
Diamonds-loose only	42.7%	40.4 – 49.4%	
Diamond jewelry	51.1%	46.2 – 53.6%	
Colored stone jewelry	52.4%	50.3 – 61.9%	
Cultured pearl jewelry	52.8%	48.6 – 62.0%	
Karat gold jewelry	53.5%	52.2 – 63.2%	
Platinum jewelry	N.A.	N.A.	
Timepieces and watchbands	40.6%	38.6 – 43.9%	
All other new fine jewelry	51.5%	42.8 – 62.5%	
Estate/antique jewelry	N.A.	N.A.	
Flatware- All sterling silver, plated and stainless steel flatware	46.3%	38.3 – 48.3%	
Appraisals	N.A.	N.A.	
Repairs	50.3%	26.8 – 61.8%	
Fashion jewelry	57.0%	49.0 – 58.3%	
Other	55.7%	44.3 – 64.6%	

Jewelers of America 2006 Cost of Doing Business Survey

*Chains*

Merchandise Data - continued	Typical	Middle Range	Your Data
<b>INVENTORY TURNOVER</b>			
Diamonds-loose only	0.9X	0.6 – 1.0X	
Diamond jewelry	0.9X	0.8 – 1.0X	
Colored stone jewelry	0.9X	0.8 – 1.4X	
Cultured pearl jewelry	0.9X	0.6 – 1.0X	
Karat gold jewelry	1.1X	0.7 – 1.5X	
Platinum jewelry	N.A.	N.A.	
Timepieces and watchbands	1.2X	0.8 – 1.2X	
All other new fine jewelry	0.9X	0.8 – 1.8X	
Estate/antique jewelry	N.A.	N.A.	
Flatware- All sterling silver, plated and stainless steel flatware	0.9X	0.7 – 1.1X	
Appraisals	N.A.	N.A.	
Repairs	N.A.	N.A.	
Fashion jewelry	0.9X	0.5 – 1.1X	
Other	1.3X	0.8 – 2.1X	
Overall	1.0X	0.9 – 1.0X	
<b>DISTRIBUTION OF SALES</b>			
Diamonds-loose only	5.0%	1.2 – 10.7%	
Diamond jewelry	55.2%	36.2 – 65.4%	
Colored stone jewelry	9.9%	7.6 – 12.4%	
Cultured pearl jewelry	1.3%	0.6 – 3.4%	
Karat gold jewelry	8.0%	5.9 – 15.4%	
Platinum jewelry	N.A.	N.A.	
Timepieces and watchbands	7.8%	5.0 – 28.3%	
All other new fine jewelry	1.9%	0.7 – 4.9%	
Estate/antique jewelry	N.A.	N.A.	
Flatware- All sterling silver, plated and stainless steel flatware	1.6%	0.1 – 3.5%	
Appraisals	0.1%	0.0 – 0.2%	
Repairs	4.1%	3.1 – 5.9%	
Fashion jewelry	3.5%	1.7 – 12.7%	
Other	1.9%	1.2 – 5.2%	

Jewelers of America 2006 Cost of Doing Business Survey

*Chains*

<b>Merchandise Data - continued</b>	<b>Typical</b>	<b>Middle Range</b>	<b>Your Data</b>
<b>GROSS MARGIN RETURN ON INVENTORY</b>			
Diamonds-loose only	70.0%	45.7 – 81.9%	
Diamond jewelry	91.6%	64.4 – 115.2%	
Colored stone jewelry	115.5%	85.9 – 170.8%	
Cultured pearl jewelry	95.5%	71.4 – 148.1%	
Karat gold jewelry	147.8%	90.4 – 165.7%	
Platinum jewelry	N.A.	N.A.	
Timepieces and watchbands	75.3%	58.2 – 84.8%	
All other new fine jewelry	148.9%	73.4 – 209.5%	
Estate/antique jewelry	N.A.	N.A.- N.A.	
Flatware- All sterling silver, plated and stainless steel flatware	73.3%	64.2 – 82.1%	
Appraisals	N.A.	N.A. – N.A.	
Repairs	N.A.	N.A. – N.A.	
Fashion jewelry	104.0%	38.8 – 151.5%	
Other	105.2%	90.9 – 230.6%	
<b>COMPANY PROFILE</b>			
Annual Net Sales Per Store	\$1,838,531	\$1,237,685 – 3,350,369	
Full Time Equivalent Employees per Store	9.8	7.9 – 14.0	
Number of Stores	11.5	6.0 – 46.5	
Average Store Size (Total Sq. Ft.)	2,019	1,667 – 2,688	

Jewelers of America 2006 Cost of Doing Business Survey

*High Profit*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PROFITABILITY</b>			
Net Profit Before Tax to Net Sales	7.6%	4.3 – 12.4%	
Net Profit Before Tax to Total Assets	12.0%	8.1 – 19.3%	
Net Profit Before Tax to Net Worth	24.9%	15.1 – 45.0%	
EBIT to Net Sales	8.3%	5.9 – 14.4%	
EBIT to Total Assets	14.9%	10.1 – 21.4%	
<b>PRODUCTIVITY</b>			
<b>SPACE</b>			
Net Sales Per Store	\$1,105,251	\$608,172 – 1,986,457	
Sales Per Square Foot – Total Area	\$566.44	\$366.55 – 805.76	
Sales Per Square Foot – Selling Area	\$881.89	\$517.37 – 1,406.73	
Gross Margin Per Sq. Foot – Total Area	\$266.25	\$158.54 – 431.47	
Gross Margin Per Sq. Foot – Selling Area	\$443.75	\$249.43 – 723.40	
Selling to Total Store Space	62.6%	50.0 – 77.7%	
<b>INVENTORY</b>			
Gross Margin	50.0%	43.3 – 55.6%	
Inventory Turnover	1.3X	0.9 – 1.9X	
Gross Margin Return on Inv.	123.3%	96.1 – 170.8%	
Sales to Inventory	2.4X	2.0 – 3.8X	
Asset Turnover	1.8X	1.3 – 2.4X	
Sales Growth Over Previous Year	7.1%	0.2 – 15.3%	

Jewelers of America 2006 Cost of Doing Business Survey

*High Profit*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PERSONNEL</b>			
Sales Per Full-Time Employee	\$223,809	\$161,281 – 285,499	
Sales Per Full & Part Time Employee	\$174,289	\$123,409 – 234,703	
Sales Per Full, Part & Seasonal Employee	\$180,810	\$121,455 – 232,871	
Gross Margin Per Full-Time Employee	\$106,873	\$80,914 – 138,408	
Gross Margin Per Full & Part-Time Employee	\$84,942	\$67,221 – 110,233	
Gross Margin Per Full, Part & Seasonal Employee	\$85,685	\$63,258 – 114,006	
Payroll (include fringes)-% of Net Sales	18.8%	13.7 – 22.2%	
Payroll (include fringes) Per Employee (all categories)	\$33,116	\$22,447 – 44,082	
<b>FINANCIAL MANAGEMENT</b>			
<b>LEVERAGE</b>			
Total Debt to Total Assets	45.3%	32.9 – 68.0%	
Long-term Debt to Total Capital	14.8%	1.0 – 29.2%	
<b>WORKING CAPITAL</b>			
Current Ratio	2.8	1.9 – 5.1	
Quick Ratio (Acid Test)	0.5	0.2 – 1.1	
Inventory to Net Working Capital	1.2	0.9 – 1.6	



Jewelers of America 2006 Cost of Doing Business Survey

*High Profit*

Key Performance Measure	Typical	Middle Range	Your Data
<b>INCOME STATEMENT</b>			
Net Sales	100%	100%	
Cost of Goods Sold	50.0%	44.4 – 56.7%	
Gross Margin	50.0%	43.3 – 55.6%	
<b>OPERATING EXPENSES</b>			
Payroll (including owners & fringes)	18.8%	13.7 – 22.2%	
Occupancy	4.7%	2.7 – 7.2%	
Print Advertising	1.9%	1.0 – 3.5%	
Radio	1.6%	0.7 – 3.1%	
TV	1.1%	0.4 – 2.1%	
Internet/website	0.1%	0.1 – 0.2%	
Promo Staff	0.7%	0.3 – 0.9%	
Other Promo	0.6%	0.3 – 1.5%	
Total Promo	5.1%	3.2 – 6.8%	
Employee training & education	0.2%	0.1 – 0.4%	
Other operating expenses	8.9%	6.0 – 13.0%	
Total operating expenses	39.4%	31.8 – 42.2%	
Operating profit	8.9%	6.0 – 15.6%	
Interest expense	1.0%	0.5 – 2.0%	
Other income/expense	0.1%	0.0 – 0.8%	
Net profit before tax	7.6%	4.3 – 12.4%	
<b>BALANCE SHEET</b>			
(As a Percent of Net Sales)			
<b>ASSETS</b>			
Accounts receivable (net)	1.2%	0.0 – 3.9%	
Inventory	41.2%	26.2 – 50.6%	
Other current assets	4.2%	0.6 – 8.6%	
Total current assets	47.6%	33.7 – 64.7%	
Fixed assets	4.4%	1.5 – 11.1%	
Other assets	0.0%	0.0 – 1.0%	
Total assets	53.6%	40.3 – 74.0%	
<b>LIABILITIES</b>			
Total current liabilities	15.4%	10.4 – 26.4%	
Long-term liabilities	7.1%	0.4 – 14.6%	
Net Worth	26.7%	13.8 – 43.7%	

Jewelers of America 2006 Cost of Doing Business Survey

*High Profit*

Merchandise Data	Typical	Middle Range	Your Data
<b>SALES GROWTH</b>			
Diamonds-loose only	4.3%	-9.7 – 30.1%	
Diamond jewelry	10.1%	-1.6 – 24.4%	
Colored stone jewelry	0.7%	-17.2 – 40.9%	
Cultured pearl jewelry	5.2%	-21.5 – 31.8%	
Karat gold jewelry	-2.2%	-11.5 – 6.6%	
Platinum jewelry	1.2%	-12.2 – 35.4%	
Timepieces and watchbands	8.6%	-11.6 – 24.0%	
All other new fine jewelry	0.0%	-22.1 – 19.2%	
Estate/antique jewelry	2.1%	-8.8 – 134.0%	
Flatware- All sterling silver, plated and stainless steel flatware	1.5%	-39.2 – 16.6%	
Appraisals	3.0%	-9.2 – 20.0%	
Repairs	5.3%	-3.9 – 15.5%	
Fashion jewelry	7.8%	-5.4 – 36.1%	
Other	-2.5%	-33.1 – 29.3%	
<b>GROSS MARGIN</b>			
Diamonds-loose only	37.5%	28.7 – 46.0%	
Diamond jewelry	50.3%	46.1 – 55.4%	
Colored stone jewelry	53.8%	50.0 – 59.8%	
Cultured pearl jewelry	54.5%	50.0 – 60.0%	
Karat gold jewelry	52.7%	48.5 – 58.3%	
Platinum jewelry	50.0%	43.3 – 52.8%	
Timepieces and watchbands	43.7%	37.4 – 50.6%	
All other new fine jewelry	56.9%	50.8 – 64.7%	
Estate/antique jewelry	50.0%	25.3 – 60.9%	
Flatware- All sterling silver, plated and stainless steel flatware	48.3%	40.0 – 61.0%	
Appraisals	66.2%	51.0 – 100.0%	
Repairs	58.6%	42.3 – 68.3%	
Fashion jewelry	55.3%	47.0 – 61.9%	
Other	47.8%	40.0 – 54.0%	

Jewelers of America 2006 Cost of Doing Business Survey

*High Profit*

Merchandise Data - continued	Typical	Middle Range	Your Data
<b>INVENTORY TURNOVER</b>			
Diamonds-loose only	1.1X	1.0 – 1.7X	
Diamond jewelry	1.0X	0.9 – 1.3X	
Colored stone jewelry	1.0X	0.8 – 1.0X	
Cultured pearl jewelry	1.0X	0.6 – 1.4X	
Karat gold jewelry	1.1X	1.0 – 1.5X	
Platinum jewelry	1.0X	0.9 – 1.3X	
Timepieces and watchbands	1.0X	0.8 – 1.2X	
All other new fine jewelry	1.0X	1.0 – 1.7X	
Estate/antique jewelry	1.0X	0.5 – 1.9X	
Flatware- All sterling silver, plated and stainless steel flatware	0.9X	0.7 – 1.1X	
Appraisals	N.A.	N.A.	
Repairs	1.0X	1.0 – 3.9X	
Fashion jewelry	1.0X	0.9 – 1.8X	
Other	1.0X	1.0 – 2.0X	
Overall	1.1X	1.0 – 1.6X	
<b>DISTRIBUTION OF SALES</b>			
Diamonds-loose only	15.4%	8.7 – 20.4%	
Diamond jewelry	29.4%	22.0 – 40.1%	
Colored stone jewelry	8.9%	6.0 – 13.6%	
Cultured pearl jewelry	1.6%	0.9 – 3.1%	
Karat gold jewelry	8.3%	5.9 – 11.3%	
Platinum jewelry	1.4%	0.8 – 2.9%	
Timepieces and watchbands	4.1%	2.5 – 9.1%	
All other new fine jewelry	3.5%	1.9 – 10.0%	
Estate/antique jewelry	2.6%	0.6 – 6.5%	
Flatware- All sterling silver, plated and stainless steel flatware	1.0%	0.1 – 3.5%	
Appraisals	0.5%	0.2 – 1.0%	
Repairs	9.9%	5.2 – 19.2%	
Fashion jewelry	1.9%	0.7 – 4.4%	
Other	2.7%	1.0 – 5.9%	

Jewelers of America 2006 Cost of Doing Business Survey

*High Profit*

Merchandise Data - continued	Typical	Middle Range	Your Data
<b>GROSS MARGIN RETURN ON INVENTORY</b>			
Diamonds-loose only	72.3%	47.5 – 148.5%	
Diamond jewelry	105.6%	79.5 – 133.0%	
Colored stone jewelry	103.3%	84.6 – 132.4%	
Cultured pearl jewelry	121.2%	79.7 – 159.7%	
Karat gold jewelry	141.2%	104.2 – 163.4%	
Platinum jewelry	100.0%	66.0 – 150.0%	
Timepieces and watchbands	81.7%	53.9 – 109.5%	
All other new fine jewelry	157.3%	104.5 – 413.0%	
Estate/antique jewelry	83.4%	36.7 – 118.8%	
Flatware- All sterling silver, plated and stainless steel flatware	88.2%	73.3 – 105.2%	
Appraisals	N.A.	N.A – N.A.	
Repairs	183.6%	124.4 – 688.6%	
Fashion jewelry	130.9%	66.4 – 233.4%	
Other	85.2%	51.6 – 227.4%	
<b>COMPANY PROFILE</b>			
Annual Net Sales	\$1,105,251	\$608,172 – 1,986,457	
Full Time Equivalent Employees	6.0	4.0 – 10.0	
Number of Stores	1	1	
Average Store Size (Total Sq. Ft.)	2,029	1,490 – 2,940	

Jewelers of America 2006 Cost of Doing Business Survey

*Low Profit*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PROFITABILITY</b>			
Net Profit Before Tax to Net Sales	0.7%	-0.9 – 2.2%	
Net Profit Before Tax to Total Assets	0.9%	-1.9 – 3.0%	
Net Profit Before Tax to Net Worth	2.9%	-4.6 – 7.3%	
EBIT to Net Sales	2.0%	0.2 – 3.4%	
EBIT to Total Assets	2.7%	0.4 – 5.2%	
<b>PRODUCTIVITY</b>			
<b>SPACE</b>			
Net Sales Per Store	\$1,160,240	\$546,168 – 2,162,216	
Sales Per Square Foot – Total Area	\$483.43	\$298.12 – 777.27	
Sales Per Square Foot – Selling Area	\$788.26	\$523.42 – 1,120.29	
Gross Margin Per Sq. Foot – Total Area	\$213.39	\$133.84 – 334.95	
Gross Margin Per Sq. Foot – Selling Area	\$377.92	\$250.57 – 482.57	
Selling to Total Store Space	61.6%	50.0 – 79.1%	
<b>INVENTORY</b>			
Gross Margin	46.6%	41.0 – 50.6%	
Inventory Turnover	1.1X	0.8 – 1.5X	
Gross Margin Return on Inv.	97.4%	69.9 – 123.2%	
Sales to Inventory	2.1X	1.5 – 2.7X	
Asset Turnover	1.5X	1.0 – 1.9X	
Sales Growth Over Previous Year	1.8%	-5.9 – 11.4%	

Jewelers of America 2006 Cost of Doing Business Survey

*Low Profit*

Key Performance Measure	Typical	Middle Range	Your Data
<b>PERSONNEL</b>			
Sales Per Full-Time Employee	\$205,002	\$159,290 – 283,718	
Sales Per Full & Part Time Employee	\$168,123	\$130,931 – 216,464	
Sales Per Full, Part & Seasonal Employee	\$166,113	\$130,931 – 207,033	
Gross Margin Per Full-Time Employee	\$91,196	\$70,359 – 133,102	
Gross Margin Per Full & Part-Time Employee	\$77,842	\$61,243 – 100,021	
Gross Margin Per Full, Part & Seasonal Employee	\$76,601	\$56,823 – 99,827	
Payroll (include fringes)-% of Net Sales	22.0%	17.6 – 25.5%	
Payroll (include fringes) Per Employee (all categories)	\$37,280	\$28,219 – 49,220	
<b>FINANCIAL MANAGEMENT</b>			
<b>LEVERAGE</b>			
Total Debt to Total Assets	55.8%	35.1 – 79.8%	
Long-term Debt to Total Capital	13.4%	2.9 – 39.5%	
<b>WORKING CAPITAL</b>			
Current Ratio	2.9	1.9 – 5.4	
Quick Ratio (Acid Test)	0.4	0.2 – 0.9	
Inventory to Net Working Capital	1.2	1.0 – 1.8	

Jewelers of America 2006 Cost of Doing Business Survey

*Low Profit*

Key Performance Measure	Typical	Middle Range	Your Data
<b>INCOME STATEMENT</b>			
Net Sales	100%	100%	
Cost of Goods Sold	53.4%	49.4 – 59.0%	
Gross Margin	46.6%	41.0 – 50.6%	
<b>OPERATING EXPENSES</b>			
Payroll (including owners & fringes)	22.0%	17.6 – 25.5%	
Occupancy	5.6%	2.4 – 8.6%	
Print Advertising	1.8%	1.1 – 3.1%	
Radio	1.2%	0.4 – 2.4%	
TV	1.4%	0.5 – 2.1%	
Internet/website	0.1%	0.1 – 0.2%	
Promo Staff	0.3%	0.1 – 1.1%	
Other Promo	1.0%	0.4 – 1.7%	
Total Promo	4.8%	2.6 - 7.2%	
Employee training & education	0.2%	0.1 – 0.4%	
Other operating expenses	10.7%	7.0 – 13.9%	
Total operating expenses	45.6%	39.5 – 50.0%	
Operating profit	1.4%	-1.0 – 3.1%	
Interest expense	1.2%	0.4 – 1.7%	
Other income/expense	0.5%	0.1 – 2.1%	
Net profit before tax	0.7%	-0.9 – 2.2%	
<b>BALANCE SHEET</b>			
(As a Percent of Net Sales)			
<b>ASSETS</b>			
Accounts receivable (net)	1.8%	0.2 – 5.1%	
Inventory	47.1%	36.7 – 64.6%	
Other current assets	2.8%	1.1 – 9.3%	
Total current assets	58.8%	44.6 – 77.7%	
Fixed assets	4.1%	1.1 – 8.2%	
Other assets	0.0%	0.0 – 1.9%	
Total assets	65.7%	49.9 – 96.1%	
<b>LIABILITIES</b>			
Total current liabilities	20.7%	12.4 – 35.4%	
Long-term liabilities	7.7%	1.4 – 24.6%	
Net Worth	27.6%	11.1 – 43.2%	

Jewelers of America 2006 Cost of Doing Business Survey

*Low Profit*

Merchandise Data	Typical	Middle Range	Your Data
<b>SALES GROWTH</b>			
Diamonds-loose only	4.0%	-9.8 – 31.2%	
Diamond jewelry	8.5%	-9.2 – 29.8%	
Colored stone jewelry	5.5%	-8.9 – 20.6%	
Cultured pearl jewelry	0.0%	-13.3 – 33.4%	
Karat gold jewelry	0.0%	-11.7 – 17.8%	
Platinum jewelry	0.0%	-16.9 – 80.3%	
Timepieces and watchbands	8.7%	-6.6 – 26.8%	
All other new fine jewelry	1.9%	-32.9 – 19.4%	
Estate/antique jewelry	10.2%	-17.1 – 194.3%	
Flatware- All sterling silver, plated and stainless steel flatware	-18.5%	-26.5 – 2.5%	
Appraisals	7.7%	-2.7 – 33.7%	
Repairs	0.0%	-6.3 – 13.2%	
Fashion jewelry	9.3%	-9.1 – 22.0%	
Other	-0.5%	-40.6 – 25.2%	
<b>GROSS MARGIN</b>			
Diamonds-loose only	36.8%	27.4 – 44.4%	
Diamond jewelry	46.0%	42.7 – 50.5%	
Colored stone jewelry	52.4%	48.1 – 57.0%	
Cultured pearl jewelry	53.2%	46.7 – 58.9%	
Karat gold jewelry	53.3%	45.0 – 57.2%	
Platinum jewelry	50.3%	44.3 – 52.9%	
Timepieces and watchbands	43.4%	38.7 – 50.0%	
All other new fine jewelry	53.9%	41.5 – 59.1%	
Estate/antique jewelry	46.8%	23.9 – 53.8%	
Flatware- All sterling silver, plated and stainless steel flatware	52.9%	45.1 – 57.0%	
Appraisals	N.A.	N.A. – N.A.	
Repairs	60.6%	43.0 – 78.4%	
Fashion jewelry	52.3%	45.8 – 57.3%	
Other	48.8%	33.2 – 54.6%	



Jewelers of America 2006 Cost of Doing Business Survey

*Low Profit*

Merchandise Data - continued	Typical	Middle Range	Your Data
<b>INVENTORY TURNOVER</b>			
Diamonds-loose only	1.0X	0.9 – 1.2X	
Diamond jewelry	1.0X	0.7 – 1.1X	
Colored stone jewelry	1.0X	0.6 – 1.0X	
Cultured pearl jewelry	1.0X	0.6 – 1.0X	
Karat gold jewelry	1.0X	0.6 – 1.0X	
Platinum jewelry	1.0X	0.5 – 1.0X	
Timepieces and watchbands	1.0X	0.6 – 1.2X	
All other new fine jewelry	1.0X	0.8 – 1.3X	
Estate/antique jewelry	1.0X	0.4 – 1.0X	
Flatware- All sterling silver, plated and stainless steel flatware	0.8X	0.4 – 1.0X	
Appraisals	N.A.	N.A.	
Repairs	1.0X	0.7 – 2.0X	
Fashion jewelry	1.0X	0.7 – 1.3X	
Other	1.0X	0.8 – 2.2X	
Overall	1.0X	0.8 – 1.1X	
<b>DISTRIBUTION OF SALES</b>			
Diamonds-loose only	14.0%	6.9 – 21.3%	
Diamond jewelry	32.9%	23.3 – 44.2%	
Colored stone jewelry	8.8%	6.2 – 12.5%	
Cultured pearl jewelry	2.6%	1.6 – 4.3%	
Karat gold jewelry	8.0%	5.4 – 10.1%	
Platinum jewelry	3.0%	1.4 – 5.8%	
Timepieces and watchbands	4.9%	3.5 – 16.6%	
All other new fine jewelry	4.4%	2.0 – 8.6%	
Estate/antique jewelry	1.1%	0.5 – 3.4%	
Flatware- All sterling silver, plated and stainless steel flatware	1.2%	0.4 – 4.1%	
Appraisals	0.6%	0.2 – 0.9%	
Repairs	9.4%	5.4 – 14.4%	
Fashion jewelry	3.7%	1.9 – 5.6%	
Other	3.1%	0.9 – 7.1%	

Jewelers of America 2006 Cost of Doing Business Survey

*Low Profit*

Merchandise Data - continued	Typical	Middle Range	Your Data
<b>GROSS MARGIN RETURN ON INVENTORY</b>			
Diamonds-loose only	65.2%	31.6 – 100.6%	
Diamond jewelry	79.9%	67.4 – 99.5%	
Colored stone jewelry	99.9%	58.4 – 131.2%	
Cultured pearl jewelry	102.9%	68.8 – 141.4%	
Karat gold jewelry	96.1%	54.6 – 132.1%	
Platinum jewelry	80.9%	46.2 – 107.0%	
Timepieces and watchbands	64.2%	46.9 – 104.1%	
All other new fine jewelry	112.3%	60.0 – 165.6%	
Estate/antique jewelry	73.7%	30.0 – 111.1%	
Flatware- All sterling silver, plated and stainless steel flatware	65.2%	41.8 – 116.2%	
Appraisals	N.A.	N.A. – N.A.	
Repairs	145.0%	78.0 – 825.9%	
Fashion jewelry	114.2%	76.8 – 133.7%	
Other	92.4%	47.5 – 147.4%	
<b>COMPANY PROFILE</b>			
Annual Net Sales	\$1,160,240	\$546,168 – 2,162,216	
Full Time Equivalent Employees	6.6	4.0 – 8.9	
Number of Stores	1	1	
Average Store Size (Total Sq. Ft.)	2,228	1,500 – 3,275	

*Appendix 1*  
*Questionnaire*

Jewelers of America 2006 Cost of Doing Business Survey

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1) Which of the following best describes your business? [please check one only]

- a\_\_ independent (high-end products)      d\_\_ jewelry chain (5+ stores)  
b\_\_ independent (mid-range products)      e \_\_ other→describe  
c\_\_ designer/artist/custom

2) How many stores do you have? \_\_\_\_\_

3) What is the total square footage of your retail store? [ if more than one store, total all]

\_\_\_\_\_sq. ft.

4) How many square feet of selling area? [if more than one store, total all] \_\_\_\_\_ sq.ft.

5) Is your store/facility (your *best* store) located in a: [please check one only]

- 1 \_\_ mall                      3 \_\_ free-standing store                      5 \_\_ other→describe  
2 \_\_ downtown              4 \_\_ strip mall

6) In what State is your store/main store/headquarters located? [Use 2-digit abbreviation, e.g., NY]\_\_\_\_ \_\_

7) Is your organization: 1 \_\_ sole proprietorship    2 \_\_ Sub-S Corporation    3\_\_ C-Corporation    4 \_\_ LLC

8) Do you consider yourself to be a family business?    1 \_\_ yes                      2 \_\_ no

9) Do you own or rent your retail facility/facilities? 1\_\_own    2\_\_rent    3 \_\_ both    4\_\_ other→describe

## Jewelers of America 2006 Cost of Doing Business Survey

**10-11) How many 'year-round' employees do you have?** (include yourself in the appropriate category)

10 \_\_\_\_\_ [Write in number of full-time employees]    11 \_\_\_\_\_ [Number of part-time employees]

**12-13) How many 'seasonal' employees do you have?**

12 \_\_\_\_\_ [Write in number of full-time employees]    13 \_\_\_\_\_ [Number of part-time employees]

**14) On average, how many hours per week does a part time employee work?** \_\_\_\_\_ hrs/week

**15) Please read the following hints and then complete the income statement.**

Line 2. Report cost of goods sold on a FIFO basis (first in, first out).

Line 4. Payroll includes all owner compensation (draw from partnerships, Limited Liability Companies (LLC) and S-corporations), the company portion of all payroll taxes, workers' comp and fringe benefits (sick pay, vacation pay, *employer* portion of employee insurance, pensions plans, etc). Advertising payroll is on line 6; elevator operators and janitorial on line 5.

Line 5. Occupancy costs include building rent or mortgage payments, maintenance, depreciation, utilities, building insurance and property taxes.

Line 6. Advertising/promotional expenses include all media, window and interior display costs (net of co-op) and any payroll for advertising/promotional staff.

Line 8. All other operating expenses not included in 4,5,6 and 7. Interest income/expense and other non-operating expenses are on lines 11 and 12.

Line 12. Total other non-operating income (ex. interest income) and non-operating expenses.

<b>Income Statement</b>	
<b>Line Number</b>	<i>Please omit cents</i>
1) Net Sales (net of returns and allowances)	\$ _____
2) Cost of Goods Sold	\$ _____
3) Gross Profit (Line 1 minus Line 2)	\$ _____
OPERATING EXPENSES:	
4) Payroll	\$ _____
5) Occupancy costs	\$ _____
6) Advertising & all related promotional expenses:	
Print	\$ _____
Radio	\$ _____
TV	\$ _____
Internet/website	\$ _____
Ad/promo staff payroll	\$ _____
Other promotional expense	\$ _____
7) Employee training & educational expenses	\$ _____
8) Other operating expenses	\$ _____
9) Total operating expenses (add lines 4 through 8)	\$ _____
10) Operating profit (line 3 minus line 9)	\$ _____
11) Interest expense (do not adjust expense with interest income)	\$ _____
12) Any other income (or expense)	\$ _____
13) Net profit before tax (line 10 minus line 11 plus line 12)	\$ _____

## Jewelers of America 2006 Cost of Doing Business Survey

**16) Please read the following hints and then complete the balance sheet.**

Line 1. Receivables should be reported net of allowances for doubtful accounts.

Line 2. Report merchandise inventory AT COST on FIFO basis (first in, first out).

Line 5. Fixed assets include land, buildings, equipment and fixtures, and capitalized leases.

ASSETS	LIABILITIES
1) Accounts Receivable (net) \$	8) Total current liabilities \$
2) Inventory (FIFO at cost) \$	9) Other liabilities \$
3) Other current assets \$	10) Net worth \$
4) Total current assets \$	11) Total liabilities & net worth \$
5) Fixed assets \$	
6) Other assets \$	
7) Total assets \$	

**17) Approximately what percent of your sales are from alternative channels of distribution (sales made to customers through the Internet, direct mail, or catalogs)?** [Write in estimate] \_\_\_\_\_%

**18) Do you presently use the Internet for business purposes?** [check one]

- |  |   |
|--|---|
| 1 __ yes, use Internet for promotional purposes only | 3 __ no, but plan business use of Internet soon |
| 2 __ yes, use Internet promotion <b>and sales</b>    | 4 __ no, and no plans to use Internet soon      |

**19) Which of the following categories of professionals best describes you?** [please check one only]

- |                      |   |
|----------------------|---|
| 1 __ bench jeweler   | 6 __ retailer/merchant who 'likes or loves' jewelry               |
| 2 __ designer/artist | 7 __ retailer/merchant who 'likes or loves' fashion               |
| 3 __ craftsperson    | 8 __ retailer/merchant who is 'currently in the jewelry business' |
| 4 __ watchmaker      | 9 __ businessperson who 'happens to be in retail'                 |
| 5 __ goldsmith       | 10 __ other → describe  |

**20) Does your company make any of the jewelry you sell?** 1 \_\_ no 2 \_\_ yes → write in percent \_\_\_\_\_

**21) Do you sell the jewelry you make to other jewelers, to your retail customers, or both?**

- 1 \_\_ customers only      2 \_\_ other jewelers only      3 \_\_ both      4 \_\_ other [write in]

**Jewelers of America 2006 Cost of Doing Business Survey**

**22) Please complete as much of the following merchandising data for your store(s) as possible. Report inventory and gross profit on a FIFO basis (first-in, first-out). Report average inventory if possible; use end of year if average is not available. [PLEASE CHECK ONE: \_\_\_average \_\_\_year end]**

**Please read the following hints and then complete the merchandising data.**

Line #2. Diamond jewelry - all new pieces (except timepieces and estate) in which diamonds constitute 50% or more of the value of the finished piece.

Line #3. Colored stone jewelry includes - all new jewelry (except timepieces and estate) in which colored stones equal 50% or more of the value.

Line #4. Cultured pearl jewelry - all new jewelry (except timepieces and estate) in which cultured pearls constitute 50% or more of the value of the piece.

Line #5. Karat gold jewelry - all new karat gold jewelry (except timepieces and estate) in which karat gold constitutes 50% or more of the value piece.

Line #6. Platinum - all new platinum jewelry (except timepieces and estate) in which platinum constitutes 50% or more of the value of the finished piece.

<i>Line #</i>	<u>Category</u>	<b>2004 Sales (Last Year's sales)</b>	<b>2005 Sales (This Year's sales)</b>	<b>2005 Gross Profit</b>	<b>2005 Inventory at Cost</b>
1	Diamonds-loose only	\$	\$	\$	\$
2	Diamond jewelry				
3	Colored stone jewelry				
4	Cultured pearl jewelry				
5	Karat gold jewelry				
6	Platinum jewelry				
7	Timepieces and watchbands				
8	All other new fine jewelry				
9	Estate/antique jewelry				
10	Flatware- All sterling silver, plated and stainless steel flatware				
11	Appraisals				
12	Repairs				
13	Fashion jewelry				
14	Other				
15	Total				

*Thank you very much for your time and cooperation.*

*Please return the questionnaire to Advantage Marketing Information and the honor card to JA.*