

Rasmussen Diamond Case Study

The Client

Founded in 1900, Rasmussen Diamonds became a one-of-a-kind family jeweler whose product and services in Racine, Wisconsin was as unique as the city's famous Frank Lloyd Wright office designs. Rasmussen Diamonds became synonymous for the company's skilled, knowledgeable jewelers, and fine quality diamonds, a reputation that earned the company membership in the American Gem Society (AGS) and the continued patronage of the Racine community for over 100 years.

Joel Hassler, the new, fourth generation CEO and son-in-law of William and Kathleen Sustachek, started with the company in 2000 in a supportive, administrative role, while becoming an AGS certified gemologist and appraiser. Joel became President of Rasmussen Diamonds in 2010, completing the purchase of the business from his in-laws in 2011 after a relatively brief Retirement Sale conducted by The Gordon Company.

Rasmussen specializes in:

- Quality AGS certified diamonds and precious gemstones
- Fine bridal diamond rings, bands, and diamond jewelry
- Rasmussen Signature Collections of diamond solitaires, diamond wedding bands, and quality diamond fashion jewelry
- Branded designer jewelry, including Elle®, Daunis®, Pandora®, and Lorenzo®

The Gordon Company Assignment:

- Facilitate the ownership transition of Rasmussen Diamonds to Joel Hessler and the retirement of Bill and Kathleen Sustachek
- Profitably operate Rasmussen Diamonds, while raising additional cash for new merchandise to sustain current sales growth
- Protect and promote the value and quality image of the Rasmussen Diamond's brand
- Increase consumer awareness of Rasmussen Diamonds
- Add new Rasmussen Diamond customers and increase the frequency of purchases by the company's existing customers
- Turn excess and dated inventory into cash

The scope of The Gordon Company's assignment included:

- Developing a transitional ownership sales plan to simultaneously increase cash flow and net profitability of the company as well as building a broader customer base
- Preparing a comprehensive sales and advertising budget consistent with professional jewelry ethics and vendor brand name advertising limitations
- Developing and applying local market research to propose an optimal pricing strategy to sell slow-moving and uneconomical "toxic" inventory
- Creating distinctive advertising material targeted toward the business' core customers
- Designing promotional sale tactics that seamlessly fit the company's ongoing marketing, advertising, and public relations strategies
- Producing and delivering in-store collateral and media advertising material

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- Assisting management to implement and control the transitional ownership sale to meet or exceed event sales and profitability plans

Considerations:

- Rasmussen Diamonds is a premium priced, non-discount jeweler
- The company's obligation to comply with specific professional and ethical business practices, including those of the AGS
- Advertising limitations of select vendor brands
- The business will be an on-going concern, dependent on sustaining a high-quality, fine diamond and jewelry marketing position
- Support and strengthen the Rasmussen brand values

The Gordon Company Solution and Accomplishments:

1. The Gordon Company designed an exclusive strategy for Rasmussen Diamonds transitional ownership sale, which generated sales that were 547% higher than the same period the previous year
2. All of Rasmussen's original inventory was sold, eliminating non-productive and "toxic" inventory, all while spending less than the amount budgeted for advertising
3. Of the 1,918 individual purchases, 1,018 of these were made by first time buyers at Rasmussen Diamonds. The average ticket by existing customers was \$1,520 and the average ticket by new customers was \$963
4. Purchases by new customers accounted in excess of 40% of the total event sales
5. Supported Rasmussen Diamond's quality-value image and reputation
6. Facilitated the sale of Rasmussen Diamonds to Joel Hassler and the retirement of Bill and Kathleen Sustachek as planned for 2011

According to Joel Hassler, Rasmussen Diamond's new owner and CEO...

"I think difficult times offer unique opportunities that require hard decisions to be made. I know I made the right decision in choosing The Gordon Company to manage the retirement sale event. I would use The Gordon Company again and I highly recommend them".