

APPRAISAL SANITY

In the past decade alone, millions and perhaps billions of words have been spoken and written about the appraising of jewelry. A good guess is that we could have done without about 99% of them. Yet in this issue, we devote a dozen pages to this very topic.

No apologies.

Further, the article in question is written by one of the most controversial authorities on the subject, Elly Rosen. Back in August, when the report still was going through its first editing, I got telephone calls asking (with, of course, concerned goodwill) if we knew what we were doing. That topic and that author!

Again, no apologies.

Elly Rosen prepared and wrote this report because he's eminently qualified to do so. What he has written, I believe, is one of the most cogent and informed studies on why appraising should be considered a profession, why it is vitally important for any jeweler who wants to appraise to learn how to do so professionally and what rewards such a pursuit can bring.

Any report that extends for a dozen pages, even allowing for artwork and sidebar material, is a formidable mass. This is a demanding report, though working with the author we've done our best to make it very readable. Nonetheless, any jeweler who appraises and plans to appraise should regard it as must reading. A second or even third reading probably would be good.

Why such enthusiasm?

Largely because the author makes such a convincing case for professional education. Much of what he says springs naturally from the simple fundamental that an appraisal's prime use is to act as a basis for making a financial decision. The jeweler, or any other appraiser, owes the customer the most accurate information possible so such decisions can be made wisely.

Rosen goes to the heart of the matter in a number of areas that so often arouse debate, disagreement and wasted words. He addresses the issue that troubles many jewelers — that a single item may have many different values, all correct, depending on the market in which it's being appraised and on the purpose of the appraisal. The "market" may be geographic or relate to different levels in the distribution chain or be as different as an insurance market is from one covering distress sales.

This leads directly to the jeweler who appraises an item strictly on the basis of what it would cost to replace it in that particular store. Because one store in the same area might charge 20% more and another might charge 20% less, clearly we're not talking about a real appraisal here. We're talking, as Rosen points out, about a statement or estimate of the replacement cost of that item in that store. No more, no less.

It's encouraging that the Jewelers Vigilance Committee appraisal committee headed by Harold Tivol appears to be working toward the same conclusion — namely that an appraisal and a statement of replacement cost are two very different animals.

Rosen also deals with the issue of opinion. An appraisal is not an absolute. It is an informed opinion by someone who has up-to-date knowledge of market activity and who, where necessary, has done adequate research on factors that could materially affect that opinion. He addresses, too, the fact that a jeweler doing an appraisal may be moral but still be unethical if he or she violates an accepted code of behavior. To draw a parallel, a doctor may not be morally wrong for advertising but, by the codes of the profession, he could be ethically wrong.

This brings up one of the most difficult appraisal issues: the absence of a clear code of conduct on which ethical decisions can be based. Rosen argues that enough avenues of education are now available to provide jewelers with the knowledge they need to appraise correctly. These courses are filling an education vacuum, he says. The education, along with precedent-setting legal decisions and clarifications, can and will provide the body of knowledge that can guide jewelry appraising and appraisers in the future.

Is the effort worthwhile? By all means. Appraisal services build customer goodwill and traffic, meet customer expectations, offer a competitive edge and can provide a jeweler with good profits. Please read this Elly Rosen report. I believe it may convince many jewelers, believers and doubters alike, that professionalism is the only way to go. ■

George Holmes