

How Much Do You Charge for an Appraisal?

All too often, I see Freshly Minted Gemologists, Graduate Gemologists, Certified Gemologists and F.G.A.'s that Instantly think that now they are Some-how Magically Licensed to Appraise Jewelry.

Nothing could be Further from the Truth.

They seem to think that since they just begun to work in the jewelry industry and they seem to have a small understanding of how things work they can now write appraisals and instantly make a living as an Appraiser of Gems & Jewelry.

Hold your horses now and let's Logically Think this Very Important Question through before you go hanging a shingle up with your name on it.

Flawed Business Logic #1.

A lot of Newbies quickly ask around and probe Their Market Area to see who their Direct Competition is and see how much they are charging for their appraisals and instantly think and wrongly reason that they can charge a little bit less than the Current Group of Seasoned Appraisers are charging and instantly make a living because they assume that if they can do it a little bit cheaper than the others then more people/clients/customers will instantly come to them in droves because of Price Alone.

Think about this for a moment and really let this settle and sink into your naive brain.

If you believe this is the way to go then what happens when next year and the year after and then again in a couple of years a new batch of Gemologists sprout up in your area and then THEY DO the very exact same thing you are doing?

They are going to under-cut YOU!

So you under-cut the older more Seasoned Experienced Appraisers WITH Verifiable Credentials, Accreditation and Certification and You DON'T and now you are doing it for 10% or 25% less than the Seasoned Appraisers and now a new One or Two or Five appraisers want to do the same thing and guess what, they under-cut you as well.

So what are you going to do to counter this problem of new so-called appraisers with ZERO Experience under-cuts the Under-cutter?

Are you going to Match Prices and Drop Your Prices even more to keep the clients/Customers you currently have?

Because after all, you lowered the price, Your Price, to get customers clients to come to you in the first place.

That was Your Master Business Plan – PRICE ALONE will make you RICH!!

Will you Honestly be able to make a living at lower wages now that someone else is now trying to Under-Cut you, after you Under-cut The more Seasoned Appraisers in your area.

Then Five years later another couple of Newbies come in and do this to everyone else again in a Vicious Circle of Under-cutting one another trying desperately to scrape out a meager living on almost slave wages because every few years a New would-be appraiser or group of appraisers think they can instantly jump into the deep-end and start swimming with the Big Fish in the Pond.

Do you all see where this is leading?

Is that Sustainable?

Can you truly and honestly make a living, a truly descent living and provide for your new girlfriend or boyfriend, a new baby on the way, a new car, a new house, mortgage payments, car payments, saving for retirement, saving for college funds for your children, Health Insurance not only for you but your wife or husband and children and on and on and on with the list of expenses that actually increase during the first 25-years to 35-years of your Working career?

FLAWED Business Logic #2.

It is a Universal Perception that new workers entering into the work-force start at a lower wage and lower over-all income earned as to the workers who are more experienced.

We see this in just about every field no matter what, be in general laborers or Business Professionals.

A Starting Bank Teller DOES NOT make the wages of the Senior Bank Teller, Loan Officer or V.P. Or even the President of the Bank do they?

This holds true if you are a Doctor or Lawyer or a Factory worker working on the assembly-line.

They have to start at the Bottom and Slowly work their way up getting pay raises over a period of time and through increasing their knowledge of their chosen field they are employed in.

Think about this for a moment and keep reading.

Let's now Switch Gears for a moment and talk about, "The Cost of Doing Business" before we get to the Meat and Potatoes of How Much Do YOU Charge for an Appraisal.

Planning Ahead and Mapping Your Future Out

#1. The Cost of Education:

We all know that Education doesn't come cheaply.

The Price of Knowledge is Quite Expensive.

Take the Cost of Your Total Education for your chosen field and divide it by say 25.

As that is a baseline average of how many years you will stay in your career before you even begin to think about retiring.

#2. The Cost of Continuing Education:

Continuing Education is even more expensive over the Long-Haul of Your Career than your Basic Education, Especially in the Field of Gemology, and Appraising Gems & Jewelry. You have to take time off from work, making money and spend money to attend these Critical Educational Seminars and Events.

You have Travel Expenses, Airfare, Travel Time, Car Rental, Hotel Expenses, Food and Beverage, The Cost of Attending the Seminar, Educational Event.

For Most Professional Appraisers THIS IS A REQUIRED COST TO STAY CURRENT TO KEEP YOUR Certification, Accreditation, Your Professional Titles.

In most cases this is an Annual Cost / Expense!!!

Easily Topping \$3,000.00 to \$7,000.00 a year!!!!

and the reason being is not only do you have to add up all of those expenses but you should also take into account the amount of money you are losing by not working as an expense as well and your time away from the office and your family as well.

The reason why is you have taken off from working and you have lost those Precious Blocks of Time YOU WILL NEVER EVER GET BACK.

Once Time is Gone, it's GONE FOR GOOD.

Because you now have fewer hours available to make your money and profits to pay for your expenses.

And MORE Importantly a PROFIT so YOU can actually make a decent Living, hopefully.

**You can make More Money but You CAN NOT MAKE MORE TIME!!!
Remember This Above All Else!!!**

#3. The Cost of Laboratory Equipment:

You have to have Gemological Equipment if you are going to Appraise Gems & Jewelry and all of that is not cheap.

So you start with just the basic Gem Ident. Equipment what about adding more later?
How much a year are you going to set aside to purchase more and more equipment until you have enough equipment to have a Fully Certified Gemological Laboratory?

What is the Time-Frame involved to get to your Goal of having a Fully Certified Gemological Laboratory?

It better be less than 3 to 5-years!!!

If it takes you 10-years to get a Fully Certified Gemological Laboratory then what is the point!?!?!?!?!?

One third 1/3 to One half 1/2 of your Professional Career is now over!!!

Also MORE IMPORTANTLY How many thousands of Appraisals have you done using Sub-Standard Tools, Equipment, especially C.Z. Master Sets of dubious Quality Comparison Stones that if called into court would be dismissed in a Heart Beat and you have done a Disservice to Your Clients which I might add is the very Life-Blood of Your Business.

If you are going to do a Professional Job and Advertize that YOU are a Professional you better have the correct and necessary tools and equipment to do the job in a Professional Manner, from the Get-Go, Start and Beginning, Don't you think?

A 5-Stone, 7-Stone or 9-Stone Set of REAL Diamond "Color Master" Set of Diamonds, Camera Equipment, Photo Light Box, Microscope, Photomicrography Capabilities, Computer Appraisal Program, Additional Computer programs to help you do your job better and faster and more accurately.

The list is long and expensive.

#4. The Cost of Business Equipment:

Office Desk, Chairs and all of the assorted items to have a Professional Looking Office, Signage, Computers, Scanners, Printers, Shredder, Paper, Report Covers, Printer Ink, CD's/DVD's

All of those little odds and ends add up quickly more than you expect, that is for damn sure!!

#5. The Costs of Running and Operating Your Business:

Building or Rental Space. Unless you are thinking about Operating out of your own home residence and if you do that then you have to deal with a brand new set of expenses and something you might haven't thought about, Security!!

Do you really want to endanger yourself and your kids with the possibility of a night-time armed home invasion because they (the Criminals) think you might have a lot of your client's jewelry in your home safe?

Let me tell you, if you work out of your home, YOU are going to be near the top of the List for Criminals looking for an EASY MARK!!!

BETTER RE-THINK YOUR PLAN!!!

Kidnapping or Hostage Situation.....can you deal with that?

Armed Home Invasion in the Middle of the Night? Are you really up for that?

TAXES and FEES, they suck the lifeblood right out of you and you can't bypass them no matter what.

Business License and Taxes, Business Insurance, Building and Personal Property Insurance, Liability and O & E Insurance, Utilities, Phone, Internet, Professional Dues and Fees, Professional Publications Subscriptions and Price Guides, Accounting Fees, Tax Preparing Fees. Annual Appraisal Conferences Fees, Airfare, Hotel, Meals, Research Books, Lab Equipment Maintenance, Lab Equipment Purchases,
We haven't even started to look at or even figure in other expenses if you have office personal on your staff or their wages or taxes or insurance.

#6. The Cost of Advertizing and Promoting Your Business:

Advertizing Costs Money and MORE IMPORTANTLY TIME!!!!

Do you do all the Advertizing and Planning Yourself? Do you farm it out?

If you do it yourself, once more, YOU are taking time away from Making Money to once more Spending Money and your ever growing smaller amount of Precious Time to Make Your Money!!!

That is kind of Counter-Productive isn't it?

How do you advertize, where do you advertize, do you track your advertizing dollars to see if it is really doing what you hope it will do?

If you keep track, then that is spent time once more subtracted from you limited amount of hours available to do your work to make money.

Educating the Masses and Your Target Group:

Do you give Speeches and Lectures to Professional Clubs, Groups and Organizations?

Loin's Club, Rotary Club, Professional Secretary Organizations, Professional Dental Assistants Organization, Professional Nurses Organizations?

Do you provide Continuing Education Class for the various Insurance Companies and all of their Agents and Support Staff?

Do you speak at Attorney Groups and Organizations on Divorce, Estate, Trust and other issues that you can be called upon when they deal with these issues on a Daily Basis?

MORE IMPORTANTLY!!!! DO YOU REALLY KNOW WHAT THE HELL YOU ARE TALKING ABOUT!?!?!

The Last thing you want to do is BULL-SHIT Someone because once they find out they will Black-Ball you and tell everyone else they come in contact to Black-Ball you as well.

What about Internet Presence?

Web Page? Domain Costs, Inserting and Up-dating your Web Content to keep it Fresh and New and not Old and Static?

Do you do all of this yourself? If you do, you are burning and wasting more time!!!

YOU CAN NOT MAKE MORE TIME!!!! Haven't you learned that yet!?!?!

On-Line Videos? Educating the Consumer about Appraisals and How to Pick and Choose a REAL Professional from all the other Local, Regional or National Schlock Appraisers who have ZERO Education and ZERO Credentials in Valuation Science.

Is SOMEONE Locally or Nationally High-jacking and Stealing all of YOUR Content and Videos for their own use? What do you plan to do when someone does that?

Do you show your prospective Clients YOUR Finished Professional Work Product (Appraisal Report) as compared to your Local Competition?

Can YOU Prove you have a Better Product than your competitors?

Remember all of this takes Time!!!! TIME IS MONEY, PEOPLE!!!

Most make the Grievous Error thinking they can do ALL of this after-business hours.

What about Enjoying YOUR Family and Friends and More Importantly Enjoying and Living Life.

Why waste such Precious Time away from the wife, husband and kids and friends to do EVEN MORE WORK on your business after hours?

Is this Really What YOU Signed Up For!?!? LIFE IS WAY TOO SHORT!!!

#7. The Cost of Living:

The REAL COST OF LIVING is MORE EXPENSIVE NOW THAN EVER BEFORE!!
And the worst part is, it shows no sign of decreasing, ONLY Increasing over your lifetime
This is a Proven Fact!!!

Young'ins start out renting at first, unless you are born into a Rich Family.
While renting you have to think about saving and putting away money to put a down payment on a house.

You now have a car and car payments and cars wear out so you have to replace that car once every 5 to 7 years that means Constant Car Payments, Insurance, Gas and Service and Maintenance Fees and Expenses, Taxes and Tags and Tires and on and on and on.

If you have your own Appraisal Office that is off-site from jewelry stores you do appraisals for
Do you drive your own car across town or drive to another town nearby for Pickup and delivery?
How Many Miles is that?

Did you take in account for the additional miles you put on your car?

Extra gas now, extra tires now, newer car sooner since you are using it for work related driving.
What about additional insurance to cover the items you are now transporting to and from your office?

Trust Me, additional Courier Insurance isn't cheap!!

Whatever you do, don't trust the jewelry store owner saying you are covered by their insurance because you aren't.

If the store's owner or manager says you are insured through their store policy, GET IT IN WRITING and have it notarized stating that the Jewelry Store is fully and completely responsible and liable for any and all items to and from your business.

The above should be another point to bring up to the jewelry store owner or manager about the additional costs for pickup and delivery and for drive time as well.

YOUR TIME IS MONEY!!!! Don't waste it or give it away for free.

Next comes a wife or husband and then kids and we all know kids aren't cheap.

Look at the Current Shape and Health of the Economy.

The Crushing Debt Load Our Country is carrying.

Who is going to pay that Debt? YOU ARE and EVERYONE ELSE!!!

Can you survive a down-turn? A Lay-Off, a Slow-down?

Can you and your family survive on One (1) PAYCHECK?

Unseen health Emergency?

Are you saving and have a Rainy Day Fund / Account?
Along with a 401K account, Kid's College Education Fund Account, Vacation Account?

Did you BUY THOSE LOTTERY TICKETS YET!?!?!?

OH WAIT!!!! What about Clothing and Dry Cleaning?

If you want to be a Professional YOU have to Dress and Act the Part as well.

Stage Presentation, just like Hollywood, is all about IMAGE!!!

The Image you want to project to your would be Clients / Customers, Jewelry Store Owners, Insurance Agents, Attorneys, V.I.P. Bankers, Trust Fund Planners, and the list goes on and on. Nice Professional Business Clothes are not cheap and they don't last forever and they don't stay in style forever either.

#8. Are YOU a Fully Independent Appraiser or do you rely upon jewelry stores and their owners to send you clients?

Can YOU Truly make it as an Independent without any of the jewelry stores or their owners and employees sending you clients?

Do you Deal Directly with the Clients / Customers or Do you only Deal with the Jewelry Store and the Store Owner or Employees?

In which case, you become a Straw-Employee of that store like it or not.?

The Above has to be reported clearly within your appraisal report.

You MUST list the personal and professional relationships between the Buyer, Seller, Appraiser and Interested Third Parties, who rely upon the report(s) you produce. **(Didn't know that did you!?!?!)**

Does the Jewelry Store and the Owner Mark-Up your Appraisal Report and Charge their Clients more?

Do You Custom-Make YOUR Appraisal Reports so that they Look and Read as if they are part of the Jewelry Store You are handling? Does the Report Cover Sheet have the Jewelry Store's Name on it, even though you work Independently off-site?

Do you disclose this fact in your report(s)?

What is their Mark-Up? 50%, 100%, 125%, 150%, 200%?

Will the jewelry Store and the Owner Price You Out of Business because of their Markup to their own customers / Clients?

Do you have a written and signed Contract with the Jewelry Store and Owner as to all of the ins and outs of your so-called Business Arrangement? Is it Notarized?

Just a Word-Bond and a Handshake? (Gentleman's Agreement?)

Do you give a % (Percentage) of Your Fees back to the Jewelry Store and those Owners for Sending Clients and Customers Your Way?

If so how much? 50%? 33%? 25%?

(Our Family Owns a Farm and we have Tenant Farmers who work and plant and tends the Fields, Crops and then they give us a % for using our farm ground. It use to be in the Good Ol'Days that we got 50%, Half-&-Half. Now it is down to a mere 25% and We have to pay 25% of all expenses as well, seed, fertilizer, irrigation, cutting, hauling, storage and on and on and on. PLUS!!! We have to Pay 100% of the Land Property Taxes!!)

If the jewelry store takes a percentage of Income do they also pay the same percentage of your overall expenses, I THINK NOT!!!! Why is that? Have you sat down and talked to them about it? They'll laugh in your face and find a cheaper inexperienced appraiser.

You best be learning how to negotiate a reasonable contract that benefits all involved.

Did the Jewelry Store and the Owner Set Your Fees or did you?

Who Really works for who?

Can You Really Trust Them, now or in the Future?

If You Raise your Prices and Fees will the Jewelry Store and Owner start looking for the next new low-ball appraiser and instantly replace you in a couple of years? Can YOU afford to lose an entire Jewelry Store account like that?

What about "Sustainability", "Longevity" how long do you really think you will last if each year or every other year someone comes in and undercuts the undercutters of the undercutters ? It is a vicious Circle as I have stated before, can you really survive and thrive and grow in that kind of market condition and mentality?

Do you go and set up shop at various jewelry stores throughout the work-week and then move to the next store to do their work as well?

Packing and Un-Packing Time, Travel Time?

This instantly cuts in the limited number of hours you are available to make a living.

This is expensive down-time doing this on a daily basis.

You should keep meticulous highly detailed records of these missing hours and review them on a weekly or monthly basis and you will be shocked and horrified at how much Money you are losing chasing the elusive White Elephant.

TIME IS MONEY!!! You CAN NOT MAKE MORE TIME only MORE Money!!

Wear and Tear on YOUR Personal Vehicle and the costs associated with using your car so much during the week just to get you from location to location.

Did you take that into consideration in YOUR MASTER PLAN to Conquer the So-Called Competition who already has a Steady Flow of Clients, by offering nothing more than a Reduced Cost of an Appraisal? Really?!?!?! Seriously?!?!?!?

#9. How are YOU going to Compete against the More Professional Seasoned and Experienced Appraisers in Your Area?

What Do You have that is So Special and So Unique that they don't have, other than your inexperience and foolishness and willingness to work for mere peanuts?

Do you have a Fully Certified Gemological Laboratory?

Do you have a Fully Stocked Research Library?

Do you have a Superior Work Product (Your Appraisal Report(s)) than them?

Do you have More Skills and Knowledge and Experience than them?

Do you have more Certifications, Accreditation than them?

Do you have a Better Advertizing Program than them?

Do you have a Better Business Plan than them? Not only for the short term but long term as well?

Do you have Better Hours and Longer Hours than them?

Do you have a Better Location than them?

So PLEASE Tell Me again, about YOUR Master Plan to Conquer and Crush the Local Competition on JUST PRICE ALONE!!!

And explain to me how you can Miraculously and Magically keep others in the very near future who will undoubtedly come along and do the very exact same thing to you as you just did to the ones before you.

Hummmm.....are you now beginning to rethinking your Ultimate Master Diabolical and Ingeniously Simple Plan to Conquer and Crush the Competition by Price Alone?

The Funny and Sad Thing about The Gem & Jewelry Appraisal Industry is that it doesn't really teach nor educate their members how to Own and Operate and Run a Successful Appraisal Business.

They teach and educate their members on mostly gemological issues and appraisal issues but next to nothing on Business issues and what works and what doesn't work.

The Biggest Reason Why they don't, is because it is boring as Hell and the Most Important Reason of all, the One's Who have a Winning Solid Business can't and won't share it because then the Great Un-Washed Un-Professional Non-Certified, Non-Accredited and Non-Registered Imposters will instantly steal and use those ideas to make a decent living.

Therefore it is a Closely Guarded Secret that Most Refuse to share to Non-Professionals and they are rightly so in doing just that.

Maybe that will change over time.

Sure, I see a few things and have attended a few sessions on various aspects of business and technology and such but nothing that is the Heart and Meat and Potatoes of Running and Operating a Hands-Down Winning Appraisal Business., Only broad vague strokes covering a few topics and subjects.

And Sadly most of the Older Successful Appraisers rarely share much less give away their Secret Business Knowledge and Hard Learned Experiences that they have gained through hard-work and more importantly hard lessons learned by the Costly Method of Trial and Error before coming across what works best for them.

I have a lot more to say but let this sink in for a bit before I write some more and talk and discuss a few other Subjects and Topics that are Relevant to the Original Question I asked at the First of this article.

“How Much Do YOU Charge for an Appraisal?”

But then again, MAYBE THE REAL QUESTION I SHOULD BE ASKING IS, “Do YOU Really Want to become a Professional Appraiser of Gems & Jewelry!?!?!”

More to Come

Later

La Shawn Bauer, G, G, GG, ASG/AGA, CGL/AGA, CDG/IJO, CGL/IJO, RMV, CM/NAJA

Now in the mean time I need you all to Design and Build a Spread-Sheet Listing all of your Personal Expenses and list them out on a Daily, Weekly, Monthly and Annual Columns. List everything!!!!

Here is a Small Sample List of what you need to write Down and then add up

Apartment Rent - House Mortgage Payment

Are You Saving Monthly for a Deposit on a House if you are currently Renting?

Apartment - House Insurance

Apartment - House: Utilities, Water, Gas, Electricity, Trash, Sewer, Phone, Internet,
Special Insurance for Expensive Items, Computers, Cameras, Guns, Jewelry, so-on-and-so-forth

Purchasing items for Apartment or House, Weekly, Monthly, Annually

Car Payments

Car Insurance

Car Taxes and Tags

Car Gas - Weekly and Monthly

Car Maintenance Expenses, Monthly and Annually

Personal Expenses

How much are you putting in Savings for a Rainy Day Account? Weekly, Monthly, Annually

Birthday Gifts, Christmas Gifts,

Girlfriend / Boyfriend / Husband / Wife Expenses, Daily, Weekly, Monthly Expenses

Clothes - New Purchases

Clothing - Cleaning Expenses

Food Expenses at Home and Away, Daily, Weekly, Monthly

Coffee, Candy, Lunch and Dinner Out

Mad Money - Free Spending Money, Daily, Weekly, Monthly

Vacation Allowance and all of the Costs Involved with a Vacation

Hobby Expenses

Entertainment Expenses, Daily, Weekly, Monthly

401K Savings, like it or not, You should be putting away at least 15% of your weekly, monthly
or Annual Gross Income for Retirement.

Investment Accounts Above and Beyond your 401K Saving Plan should be at least 10% of your
weekly, monthly, annual gross income.

College Fund for Kids this should be done weekly

Rainy Day Fund Saving Account this should be done weekly

Emergency Fund Savings Account this should be done weekly

Are You Saving for a Down payment on a House? This should be done weekly

If you have Kids you need to start a Brand New Long List for all of their Expenses

Do You have Pets!?!?! Pet Expenses need to be listed as well

Now Your Business Expenses:

Rental Space Monthly

Rental Insurance

Rental Utilities, Utilities, Water, Gas, Electricity, Trash, Sewer, Phone, Internet,

Business Equipment

Business Supplies, Paper, Toner, Report Covers, CD's, Staples, and on and on

Lab Equipment Purchase / Replacement / Maintenance

Business Advertizing

Business Travel Expenses, Daily, Weekly, Monthly

Professional Fees and Subscriptions

Professional Education and Continuing Education Expenses and Travel to those Events

As you can quickly see this is only the Tip of the Iceberg!!!!

I will Write a lot more but you have to first do your home-work and fill in the blanks and make your Spread-Sheet and then once you do that I write some more using those figures so we can see the REAL Answer as to "How Much Do You Charge for an Appraisal".

Later

La Shawn Bauer, G, G, GG, ASG/AGA, CGL/AGA, CDG/IJO, CGL/IJO, RMV, CM/NAJA

Sneak Peek to what's Coming

- A – Resource Page for Appraisers
- B – How many Professional Jewelry Appraisers are there?
- C – I'm a Gemologist, now what!?!?!?
- D – So YOU want to become a Jewelry Appraiser?
- E – How Much Do You Charge for an Appraisal?
- F – TIME, How Much Time do YOU Really have to make a Living Appraising Jewelry
- G – The Future of The Jewelry Appraising Industry
- H – Why YOU Should Hire a Professional Appraiser with REAL Credentials
- I – A Spreadsheet IS YOUR NEW BEST FRIEND
- J – Complete History of Your Professional Education
- K – Complete History of Your Business Employment and Experience
- L – Complete Current Listing of Your Gemological Laboratory Equipment
- M – The Dreaded Appraisal Phone Call Question, "How Much does an Appraisal Cost?"
- N – Advertising Your Professional Appraising Titles to EVERYONE
- O – The Business Card – The BEST & Cheapest way to Advertise Yourself and Your Business
- P – Setting Up Your Web Browser so it is More Functional and More Importantly Productive
- Q – A 101 Uses for Your Cell Phone in Your Lab
- R – The EGL International Diamond Grading Controversy and How it effects Jewelry Appraisers
- S – The EGL International Diamond Grading Controversy and How it effects Jewelry Stores
- T – The Take-In Disclosure and Agreement Sheet
- U – Job Interviewing Topics and Subjects to Bring Up
- V – Negotiating Skills, Topics and Subjects to Bring Up
- W – The Advantages of Working with a Retail Jeweler
- X – Designer Jewelry Their Prices and Mark-ups
- Z1 – Specialty Cut Designer Cut Diamonds
- Z2 – Grading Scales – Quality of Cut Grade – Major & Melee Colored Stones
- Z3 – Grading Scales – Quality of Cut Grade – Major & Melee Diamonds
- Z4 – Grading Scales – Quality of Enameling – Over-All
- Z5 – Grading Scales – Condition of Enameling – Over-All