



HELZBERG DIAMONDS

AT A GLANCE

- ▶ Subsidiary of Berkshire Hathaway (NYSE: [BRK](#))
- ▶ Over 260 stores in 38 states
- ▶ Employees: 2,500

Helzberg Diamonds, a widely recognized name in the fine jewelry industry, celebrates its 90th anniversary in 2005. One of the nation's largest jewelry retailers, Helzberg Diamonds is headquartered in Kansas City, Missouri, and operates over 260 stores in 38 states.

THE CHALLENGE

Helzberg Diamonds takes pride in its heritage of offering exceptional value and personal customer service. So when the company decided that HSBC Retail Services was the right partner to manage its current private label program going forward, it was imperative that the transition appear seamless to its retail store employees and, most importantly, to its customers.



To make the conversion from the previous private label provider's platform to HSBC Retail Service's platform, HSBC Retail Services was going to have to work closely with Helzberg Diamonds as well as a third party processor that manages Helzberg Diamonds' point-of-sale (POS) software to develop new functionality, including account look-up, pre-screen application, regular application, authorizations and settlement. In addition, Helzberg Diamonds' store employees at more than 260 locations across the United States would need to be trained on the new software and program processes.

Helzberg Diamonds also requested that pre-approved customers be able to activate their new Helzberg Diamonds accounts online via the company's Web site, which would require new programming by HSBC Retail Services. In addition, Helzberg Diamonds requested that HSBC Retail Services provide application, sales authorization, and customer care online functionality for Helzberg Diamonds' Web site, so that customers would be able to apply for, purchase with, and manage their Helzberg Diamonds accounts online.

With the new private label credit program launch scheduled to happen just prior to fourth quarter, the retailer's busiest and most profitable time of year, the conversion needed to happen without incident and on-target.

"The conversion of our private label credit card to HSBC Retail Services involved a large and coordinated effort between Datavantage (our store system software vendor), HSBC Retail Services' technical team and our internal I.T. team. HSBC Retail Services did a great job of working with us and Datavantage to ensure the design, development, testing, pilot and deployment phases went smoothly. When challenges arose, the HSBC Retail Services team worked with us to address them quickly and efficiently, ensuring that we met our deadlines and commitments."

– Laura Kirsner
Executive Vice President and Chief Financial Officer
Helzberg Diamonds



THE OPTIMIZATION

Helzberg Diamonds chose HSBC Retail Services because of our high level of professional service to Helzberg Diamonds' stores and their customers, as well as our enhanced systems support capabilities. Platform conversion is one of HSBC Retail Services core strengths — our proprietary technology and strategies allow us to respond quickly to our partner's business needs.

Our first step in the transition was to talk with all involved parties to determine how Helzberg Diamonds' business model worked. We then drafted a Statement of Work so that the key business issues were laid out. Together, we drafted a conversion timeline consisting of milestone dates for each component of the program launch. We held numerous discussions and shared technological insights with Helzberg Diamonds' third-party processor to begin development of Helzberg Diamonds' new POS software. Throughout the launch process, HSBC Retail Services, Helzberg Diamonds and its third-party processor maintained an open line of communication and remained heavily engaged with weekly status meetings.

Because all of our systems and capabilities are handled internally, HSBC Retail Services' Internet Strategy group was already in the process of developing plans to build online prescreen capabilities for use across multiple merchants. Based on Helzberg Diamonds' interest, HSBC Retail Services' business and technical teams accelerated its timeframes to make the capability available in time for Helzberg Diamonds' launch.

Store meetings were set up early in the process so that, in conjunction with Helzberg Diamonds, HSBC Retail Services' dedicated training team could provide extensive training on the new systems platform to Helzberg Diamonds store employees.

THE RESULTS

At the onset, HSBC Retail Services employed the Six Sigma Launch Methodology, with an emphasis on communication, documentation, and best practices of prior successful launches. The launch strategy to convert each Helzberg Diamonds store to the new platform and operational processes were tested over a six-week period before the program was launched in all stores.

When the new program launched in late September, Helzberg Diamonds' conversion to the new platform and operation processes transpired without impact to Helzberg Diamonds' customers or store employees. Their online prescreen response channel was up and running successfully as promised. Nearly 5 percent of all customers who accepted the pre-approved offer responded via the Internet during that timeframe.

The new private label credit program has resulted in faster credit decisioning, higher customer credit lines, increased approval rates and the ability to offer customers longer-term credit promotions — all contributing to increased sales for Helzberg Diamonds. In same store sales October 2003 vs. 2004, the new program generated

- ▶ 35% increase in credit sales
- ▶ 126% increase in number of applications
- ▶ 11 points increase in credit approval rate
- ▶ 20% increase in average credit line

