Recent challenges brought on by an unstable global economy cannot be overstated. These have been frightening times for many of us. But the story of our company’s Founder and President, Mr. Alexander Hasenfeld, helps us put this all into proper historical perspective. More important, it should instill in us the confidence that we can, and will, work through this.

The War Years

Mr. Hasenfeld was born in Satmar, Hungary, the child of religious parents. During World War II, he was sent, together with 16 family members, to Auschwitz, the most notorious Nazi concentration camp. He survived in part by participating in the camp’s underground economy. He worked outside in a munitions factory (where he lost a finger), and sold suits from the Bekleidungskammer, the camp’s garment factory.
Hasenfeld-Stein…

a 60 Year Retrospective…

of our company and our industry

1948
- Mr. Hasenfeld starts the company, a polished dealer, trading under the name Alexander Hasenfeld
- Diamond Center was in the Bowery section of New York.
- New York was a cutting center for all sizes from .50 – 20 carats

1960
- first trip to Hong Kong, making him one of the first to sell to dealers in the Far East

1965
- first trip to Japan

1966
- first cutting factory (New York) – for rough, and re-cutting polished
- son-in-law Nachum Stein joins company

1972
- son-in-law Nachum Stein joins company

1970’s
- known as one of the largest and most consistent buyers from Russia and DeBeers
- son Hertz joins company (right after earning his MBA from Fordham University)
- Hertz saw an opportunity to develop relationships with major US retailers
- One of the first to certify all 4 grainers from G/GVS2
- changed name to Hasenfeld-Stein

’70’s
- (Late) diamond investment boom – capitalized on the demand for certificated stones.
- restated corporate philosophy, and made decision to stick to it: “do what we do best, and continue to do it better than anyone else.”

1980
- diamond prices skyrocket
- Hasenfeld-Stein concentrates on highest colors and clarities
- Kept raising the bar on cut

1981 to the present
- Managed to remain debt-free despite terrific sales growth
- develops relationship with important, prestigious retailers
- Alexander Hasenfeld immigrated to America
- well established as manufacturer of Ideal Cuts for US market, and became DTC Sightholder
- joined AGS
- one of the first to use AGS certs when the AGS Lab opened
- began manufacturing in China – training cutters to make Ideal Cuts
- 250 cigarettes for a bottle of whiskey). “There were only three or so people involved in the business,” he says. “Just like in the diamond business, your word was your bond. It was very dangerous, but we had nothing to lose, since we were all very aware that we were brought to the camps with no intentions to be allowed to leave alive.”
- On January 18, 1945, Mr. Hasenfeld was part of the infamous “death march”, heading west from Auschwitz to Dachau. They walked night and day, with no food, in sub-freezing temperatures. Fewer than half survived. Most froze to death. Others starved. Those who collapsed from exhaustion were shot on the spot and left on the road. His memories of all this are vivid to this day. When I showed surprise, and asked how he remembered all these details, his answer was simple and immediate…and chilling: “This isn’t memory. I see the pictures in my mind, every single minute of every day.” What he saw and what he had to overcome were, quite frankly, almost impossible to comprehend.
- Later, to avoid both the Russian and American forces who were fast closing in, they marched again from Dachau, east to the Austrian border (which by then was already independent). But Austria refused to let them enter. Allied forces were close now. A German lieutenant ordered the prisoners to lie down to be shot (a treatment known as Los Hinlegen) But his female companion pleaded with him to flee, insisting there wasn’t enough time. So instead, they simply got in his car and drove away. Then others followed. After all these prisoners had been through, now, all of a sudden, they found themselves unguarded… and free.

New Beginnings in America

Alexander Hasenfeld immigrated to America in 1948, speaking little English. Like many Jewish transplants from Europe, and on the advice of his brother-in-law (who was in the rough business in Antwerp), he went into diamonds. Shortly afterward, he met his wife, who, coincidentally, lived across the street from him in Hungary. “I knew her family,” he says, “but not her.”

He paid $300 to learn the abc’s of diamond cutting. Everything else he learned on his own. He soon saw that diamond cutters were a dime a dozen. “Everyone came and sold the same thing,” he says. “I wanted to separate myself from the herd.”

That he did. In an effort to get what he calls “every last drop of juice from the stone,” he realized that if certain polished stones seen on the market were re-cut, he could make extra money. Today, this is standard procedure, but at the time it was almost
revolutionary. “If I saw a stone with an imperfection, to leave it there would be a crime,” he says. “If it was an SI stone and I turned it to VVS, I could triple the profit.”

As more imperfect diamonds began coming Hasenfeld’s way, other cutters looked on in wonder as the stones he worked on got bigger and bigger. Eventually they figured out what he was doing. “I had about five or six years’ peace,” he says today. “Then they all emulated me.”

By that time, he had started his own business. Then, in the mid to late 1950’s, he discovered he couldn’t walk. He had contracted tuberculosis of the spine, most likely from his time in the concentration camps. When he was sent to Denver to recover, his wife helped run the business, receiving special permission to enter the Diamond Dealers Club (women were then banned).

While recuperating in Denver, he continued running his business, making local retail contacts. “I would visit them during the time the doctor allowed me to leave the hospital,” he says. “It started where I could go out for one hour, then it became two, three. So I went straight to the bank, and to my safe deposit box, and then I visited my customers.” He did the rest of the transactions he translated for.

Growing the Business

For a spell, Hasenfeld’s company, Hasenfeld-Stein (Stein is his son-in-law), was America’s second-largest diamond exporter. Eventually his sons followed him into the business, but first he insisted they all get MBAs.

And yet Hasenfeld runs his business in a way they don’t teach in business school, but probably should: with a minimum of debt. “I never borrowed money in order to buy goods,” he says. “I still hold that philosophy today. We always stretched as far as capital allowed, but never beyond. My banker tells me we were his only client whose DTC sight never had to be financed.”

That turned out to be the company’s salvation during the great market crash in the early 1980s. “In those days people went bankrupt because the interest rate was 18 percent,” he notes. “We didn’t grab every last dollar. We always made sure our customers earned a profit. That’s why my customers stuck with us.”

Mike’s boys... 1950s, has one of a handful of diamond companies to explore what was then new territory: Asia. The first country he visited was Japan. After finding an interpreter he clicked with—he “spoke English better than I did,” Hasenfeld says—he brought the man into the business, even giving him commissions on transactions he translated for.

Staying in Front

Meanwhile, the company keeps trying new ideas. Its New York factories employ a mixture of human labor and robots. “When I saw the machines were available, I jumped on it,” he says. Most recently the company introduced the FireMark™ Princess, the result of a new (patent pending) process that for the first time ever produces a Princess cut diamond with the brilliance and light performance to rival an Ideal Round.

It’s a full plate for a person who has accomplished so much. But Mr. Hasenfeld is still very much involved in all aspects of his business, using newfangled gizmos like PDA’s and e-mail in dealing with his company’s clients. There are some customers who will talk only with him. He recently wrote in an e-mail that he prays for “a long life in part to enjoy all or some of the plans that I have.”

There are quite a few of those. Hasenfeld says his own father taught him to “never be satisfied with what you have. Always try further.” That has formed what might be called his business philosophy: “You shouldn’t imitate. If you have an idea, try it. If you don’t try, you’ll never know.”

I asked one final question: To what do you attribute your business success? As always, his answer was to-the-point, and immediate. “No debt. No partners.” When pushed to explain, he said: “To this day, we’ve never borrowed money to finance our business. And I’ve never taken in outside partners. All our family businesses, including Hasenfeld-Stein, are owned and operated by members of the family. The buck stops here.”

In an industry known for being stuck in its ways, that has set him far apart from the rest of the herd.
Symmetry and a GCAL “Excellent” in Light must achieve a GIA “Excellent” in Polish and industry.” To qualify as a FireMark, each stone and our yield is far lower than is typical in the diamond to qualify as a FireMark are stringent, Hertz Hasenfeld. “Required parameters for a FireMark™ is the most perfectly cut Princess that retailers can present to their customers to prove the first Princess Cut ever that consistently rivals Hasenfeld-Stein has broken the code and created the cut. Using proprietary cutting techniques, diamond they had ever seen. The FireMark Princess Cut was said the patent pending retailer, without exception, that FireMark cut corners is they’re invisible to the naked eye, and have no impact on the certificate’s weight of shape. Hertz explains: “We’ve literally eliminated only the point in each corner, which is the cause of most chipping.”

So retailers’ reactions aren’t surprising when you consider all of the above. FireMark is an industry breakthrough, at a time when the industry can certainly use a special product salespeople can proudly boast to customers about. The patent pending FireMark Princess Cut is the single most perfectly cut Princess diamond in the world. But it’s more than a quality product, it’s a great story salespeople can use to engage those about to get engaged. The story is the added value customers are looking for, and salespeople need to help close more sales.

This once-in-a-lifetime (hopefully) engagement ring purchaser is looking to be more than merely satisfied with the purchase. He wants facets and distinctive angles to enhance the diamond’s fire and brilliance. Tables cannot exceed 68% and the depth must be under 71%.

“Retailers have also been extraordinarily receptive to the chamfered (cut) corners on every FireMark,” continued Hertz. “Setters love us.” What is different about the FireMark cut corners is they’re invisible to the naked eye, and have no impact on the certificate’s weight of shape. Hertz explains: “We’ve literally eliminated only the point in each corner, which is the cause of most chipping.”

It’s a difficult diamond to cut,” explains Hertz Hasenfeld. “Required parameters for a diamond to qualify as a FireMark are stringent, and our yield is far lower than is typical in the industry.” To qualify as a FireMark, each stone must achieve a GIA “Excellent” in Polish and Symmetry and a GCAL “Excellent” in Light Performance. Every stone is cut with a patent pending “Double Crown” that features additional parameters. To qualify as a FireMark, each stone and our yield is far lower than is typical in the diamond to qualify as a FireMark are stringent, Hertz Hasenfeld. “Required parameters for a FireMark™ is the most perfectly cut Princess diamond in the world. But it’s more than a quality product, it’s a great story salespeople can use to engage those about to get engaged. The story is the added value customers are looking for, and salespeople need to help close more sales.

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“For retailers, it’s a wonderful story to tell. For salespeople, it’s a wonderful story to share. And for the customer, it’s a wonderful story to hear.”

Rounds

Still over 60% of our business

Princess Cuts have long been what separates Hasenfeld-Stein from our competition, and the stone we’re probably best known for. But please don’t forget that over 60% of our business is still Rounds. Extraordinary, hearts & arrows, Ideal Cut Rounds (near-Ideals too). And we’re very proud of the fact that we were the first (and still the only) New York manufacturer to use robotics to achieve that “cookie cutter” hearts and arrows cut. The only robotics factory that takes you from rough to Triple Excellent / Triple Zero - from .20 points to 10.00+ carats.

There isn’t a diamond manufacturer in the world that makes a better Round than we do. The same maybe, but not better. And our pricing is more competitive than ever before. We know more than half of your stone sales are probably Rounds as well, so please, don’t just think of Hasenfeld-Stein in terms of Princess Cuts. Call us when you need a gorgeous Round too.

“I Hate Princess Cuts”

It’s mind-boggling how often we hear this. And if this describes you, it’s no wonder you’re not selling as many as most retailers, considering Princesses are the second most popular shape behind Rounds, accounting for approximately 17% of diamond sales. Whatever the reasons for your store not getting its share of the Princess Cut business, now is the time to put FireMark™ to work for you, adding sales and profits to your bottom line.

And please remember, Hasenfeld-Stein continues to maintain a huge inventory of our premium cut Princesses. So you’ve got 2 choices – FireMark and the industry’s second most brilliantly cut Princess. It’s time to stop saying you don’t like Princesses, and time to start selling them.
Economy Shmonomy… Burn That “White” Flag

Steve Feldman

I’ve shared a philosophy I live by with many people who have suffered tragic personal losses. Those who faced the choice of either moving on with their lives, or folding up their tent and giving up. For some, it’s not as easy a decision as it seems.

But I believe this philosophy is appropriate in our business lives too, as we struggle to succeed in this challenging economy. Do we stay reasonably aggressive to make things better, or do we wave the white flag of surrender and wait for things to get better?

Here’s my philosophy: Life is like a menu, with only one item on it. It’s real easy to order dinner, because you have no choice.

Is the solution to our economic woes closing your doors and giving up? Of course not! Nor is the solution running fire sales, or tampering with your image, your brand, your reputation, or being unable to service customers. You’re not! Nor is the solution running fire sales, or closing your doors and giving up? Of course not, you’re in business. Good luck!

Focus on the one aspect of your jewelry store’s business that suffers the least from this economy – BRIDAL.

Economy shmonomy, people are still getting married.

And buying diamond engagement rings. Sure, there are probably some men who have less to spend on that diamond then they did six months ago. But he’s still asking her to marry him, and he’s still looking for that perfect diamond. There’s the key: they’re looking for the perfect stone. The one that will make her so proud. That will make HIM so proud. Remember, this is probably the most important purchase he’s ever made, and the most important gift she’s ever received.

And when is the last time a guy came into your store and asked to see a cheap engagement ring? Probably never. Besides, if she ever found out, she’d probably say no. He wants to buy her the most beautiful diamond he can find, mounted in the perfect setting. Again, within his budget, but he’s NOT sacrificing beauty. If anything, he’s more likely to cut back on color or clarity, or even the size. But it better be gorgeous!

That’s why this is the best possible time to be carrying the FireMark™ Princess Cut Diamond. Because it’s never been more important to safeguard your high-end engagement ring business.

FireMark will energize your salespeople (we’re hearing this from retailers all over the country). They’ll be proud and enthusiastic to show the most perfectly cut and most beautiful Princess diamonds in the world. Your store will be the exclusive FireMark retailer in your area, a great message to get customers into your store. More important, you’ll be ready for them when they walk in, with the perfect diamond you know he’s going to love.

This guy is really excited. You and your salespeople should be, or at least act equally excited. You’ve got a chance to become part of his and their lives. To play an important role in an incredibly exciting time of their lives. Stay focused. Economy shmonomy. This is why you’re in business. Good luck!

What Else Happened 60 Years Ago?

- D Flawless diamond was $300 per carat
- Gold was $35.00 per ounce
- DeBeers introduces new slogan: “A Diamond Is Forever”
- Dewey declared the winner, but Harry Truman elected President
- Recognition of the state of Israel
- A first class stamp was 3¢
- Oscar winners for 1948: Best Movie — Gentlemen’s Agreement; Best Actor - Robert Coleman, Best Actress - Loretta Young,
  1949: Best Movie — All the King’s Men; Best Actor – Broderick Crawford; Best Actress - Olivia de Havilland
- Cleveland Indians in ’48 and NY Yankees in ’49 win the World Series
- New on TV in 1948: Milton Berle Show, Toast of the Town with Ed Sullivan, Hopalong Cassidy and Candid Camera; in 1949: The Lone Ranger, Life of Riley and Sid Caesar’s Your Show of Shows
- Estimated 350,000 tv sets in America (half in New York area)
- Polaroid camera introduced
- Columbia introduces twelve-inch, long-playing vinyl record (33 1/3 revolutions per minute instead of the “old” 78)
- Velcro (from velvet and crochet) invented in Switzerland
- Porche and Land Rover automobiles introduced
- The American Cancer Society warns that cigarette smoking may cause cancer
- NATO is established to safeguard the West against Soviet aggression
- Joe DiMaggio signed the first $100,000 contract in Major League Baseball history

CONSUMER SPENDING FACT:

While many purchases are being put off, recent reports and surveys indicate “Bridal demand is relatively stable.”

People are still getting engaged. So... promote, train your sales people and work with your diamond suppliers.

Hasenfeld-Stein is ready to help.

Alexander Hasenfeld, Founder and President

Hasenfeld-Stein, since 1948

Alexander Hasenfeld, Founder and President

60th Anniversary Edition / Winter 2009
4 Critical Points for Increasing Sales and Profits

1. just doesn’t work. And if your salesperson accepts “I’m just looking” with no response, consider replacing that salesperson. The guy (or the couple) will let you know very quickly why they’re in your store. You can probably see it in their eyes. TAKE A PERSONAL INTEREST. This is a wildly important time of his or their lives. They need help. And they’re in YOUR store. It won’t get any better than this.

2. Ask lots of questions, even if he thinks he knows what she wants. He’s probably in desperate need of your help to figure it out. And not just questions about the diamond or his budget. Questions about HER. Does she typically like flashy or understated? Traditional or contemporary? Would she prefer better quality or a bigger look? Is she tall or short, have big hands or small. Will she be surprised, or can you bring her in? There’s a lot your salespeople need to find out BEFORE THEY EVEN BEGIN to show any diamonds.

3. Your relationship with this customer doesn’t end when he says “I’ll take it.” It BEGINS. There’s more jewelry to be sold, beginning with the WEDDING BANDS. Please don’t forget to ask about the wedding bands. Does she need any basic jewelry for their honeymoon? And gifts for the bridal party. Wedding gift from the bride to the groom, the groom to the bride, father of the bride to the mother of the bride, and so on. And if you’ve created a relationship, you’re their personal jeweler, selling them for years to come. So please don’t stop once you’ve sold the diamond. Don’t laugh. You’d be shocked at how many salespeople do.

4. Ask him when he intends to give her the ring. This way, you can communicate with him without worrying about spoiling the surprise. And you MUST find out the wedding date, so you can send a congratulatory note or gift; and year after year send an anniversary note or gift (and of course to remind him he needs to buy an anniversary gift).