

THE PERFECT SETTING

ECONOMIC IMPACT OF THE DIAMOND
AND JEWELRY INDUSTRY
IN NEW YORK CITY

**Rockefeller Center/
Diamond District
Subway Station**



A report from the New York Industrial Retention Network
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Executive Summary

New York City is the undisputed center of the diamond and jewelry industry for North America and much of the world. Consumers and wholesalers come from around the globe and throughout the United States to the dense cluster of manufacturers, wholesalers, and retailers concentrated here. While New York's diamond and jewelry businesses are located in neighborhoods throughout the five boroughs, an extraordinarily significant portion of them are clustered together, occupying a single block on West 47th Street between Fifth and Sixth Avenues in mid-town Manhattan. This report focuses on the economic activity and impact of this extraordinary block that is New York's Diamond District.

While the Diamond District is often thought of as home to one industry, it is important to recognize that diamonds and finished jewelry are actually two distinct industries. The diamond industry is made up of companies that manufacture rough diamonds as well as dealers and wholesalers who trade the diamonds. The jewelry industry consists of firms that manufacture and sell finished pieces in both wholesale and retail markets. For the purposes of this report, however, we have combined the two because of the overlap of issues and increasingly interrelated nature of their business operations, and the tendency of government data to combine the two together.

This is a critically important moment for New York City's diamond and jewelry industry. The Diamond District is well positioned to increase its already substantial economic impact, particularly as a player in the city's tourism industry. The industry can capitalize on this opportunity by strengthening its relationships with design schools and other design-oriented industries, by making capital improvements to create a more cohesive and attractive look to the district, and by expanding its marketing and promotional activities. With government assistance to ensure the District is accessible and appealing to tourists, these strategies can enhance one of New York City's more iconic industries and ensure not only its continued existence but success for the future.

Key Economic Impact Findings

- The diamond and jewelry businesses in New York City generate an annual \$24.183 billion in economic impact. This total includes the cost of materials and purchased services, labor compensation, rent, and business profit.
- The total added value which includes wages, profits and indirect business taxes to New York City's economy is \$4.2 billion.
- Diamonds are New York State's number one export product, jewelry ranks number three and Gold, Non-Monetary ranks number four. The diamond and jewelry industry also plays a significant role in our country's export portfolio.
- There are over 4,100 local companies employing approximately 22,300 people clustered together on 47th Street. The number of direct, indirect and induced employees exceeds 32,000.
- The diamond and jewelry industry continues to provide employment opportunities and good paying jobs for immigrant populations with little formal education.
 - Almost 70% of industry workers are immigrants and just less than one half of the workers have the equivalent of a high school education or less.

- Positions in the diamond and jewelry industry are typically higher paying than other segments within manufacturing and retail.
- Approximately 90% of NYC's diamond and jewelry businesses and employment are located in Manhattan, mostly in the Diamond District. Similarly, Manhattan businesses account for 86% of payroll employment and 89% of total wages paid.
- A host of other industries provide goods and services to businesses in the District. In total, the District purchased 1.015 billion from other industries.
- While some jewelry production has moved overseas, the production and commerce that remains in the District provides high value-added products which feed high-end local, national and international markets.
- New York City's industry retains high-end diamond & jewelry manufacturing and remains the international center for trading.
- New York City jewelry companies had substantially greater sales per employee than jewelry companies throughout the United States. In jewelry manufacturing, New York City companies had \$393,100 in sales per employee - 80 percent greater than the rest of the U.S. On the wholesale side, NYC businesses had \$1.263 million in sales per employee - twice that of jewelry wholesalers in the rest of the U.S.

The District is a great illustration of how an industry can continue to thrive in New York's relatively high-cost environment by capitalizing on the city's competitive advantages. Diamond and jewelry businesses produce and sell high value-added products; are extremely efficient users of space; conduct frequent international transactions; need a safe base for operations; and require a highly skilled workforce. In addition, the diamond and jewelry sector is a supplier to other high-profile markets in New York, most notably fashion, entertainment, and hospitality.

This report was prepared by the Pratt Center for Community Development based on Economic Impact Analysis by the Fiscal Policy Institute and was the result of a year-long effort by the 47th Street Business Improvement District, in collaboration with the Empire State Development Corporation. This effort represents the first in-depth analysis of the Diamond District in twenty years. The study found that while today's District remains a vibrant hub for businesses and a strong contributor to the New York economy, there are challenges that threaten its future vitality. Notably, many of the challenges facing the sector twenty years ago remain today. These include competition from abroad as well as localized challenges such as an aging workforce, a declining physical environment, and the high cost of doing business in the City.

This report offers an assessment of the industry's needs based on government data and interviews with local businesses. Additionally, it represents a renewed call to City and State government to help maintain the competitiveness of the diamond and jewelry sector through financial and technical assistance. Lastly, it offers strategies that the 47th Street BID and its Board of Directors can pursue immediately in order to address some of the issues on the street as well as help businesses plan for the future.

Recommendations

1. Update the physical appearance of the Diamond District and create a distinctive identity

The 47th Street streetscape needs a cohesive presence, with unifying design elements, that calls attention to the block as a special district that sells high-end goods. Buildings' exteriors and interiors, too, should reflect the products being sold within them. The Pratt Center recommends that the BID and its constituents develop a long-term plan for the Diamond District's streetscape, aimed at attracting tourists and businesspeople alike.

2. Promote the Diamond District as a tourist destination

Government, district businesses, and the BID should collaborate to increase visibility of 47th Street as a destination for the millions of visitors who come to New York City each year. NYC & Co. the city tourism bureau could promote the Diamond District more prominently on its website. ILOVENY, the state tourism bureau, could promote the District on their websites and elsewhere, and partnerships with tour companies can ensure that 47th Street is a stop on their routes. NYC Media Group, the city's four television stations and one radio station could work in partnership to market the Diamond District. Collaboration with the MTA could generate special Diamond District transit promotions as well as rename the nearby subway station Rockefeller Center/Diamond District. Additionally, the District could strengthen its relationships with design schools and other design-oriented industries and expand its marketing and promotional activities.

3. Explore additional market niches for new business models

We recommend that the City continue to work with local business owners to develop strategies that retain and grow local manufacturing operations. It should also explore new products and business models. The BID or another local industry group can consider hosting a roundtable and invite those already working in new markets to explore opportunities to expand here in New York.

4. Collaborate with area universities and training programs

Educational and training programs in and around the New York are preparing students for positions in the industry, including production. By strengthening its relationship with area schools and training programs, the diamond and jewelry industry would be better positioned to promote the jobs it offers and to attract the next generation of workers. An additional approach would be for the 47th Street BID to assess the feasibility of establishing its own training program as a service for the local businesses. While this would require that the BID or new sister organization acquire significant new financial, management and technical capacity, it would address concerns the BID now has about the recruitment, screening and placement of the graduates of existing programs.

5. Seek out remediation strategies to manage street advertisers

Throughout the District, some businesses promote themselves by hiring street advertisers commonly referred to as “hawkers” —to hand out flyers and persuade potential customers to visit their offices. Hawkers create security concerns, conflict with the image and reputation that the majority of the businesses are trying to convey, and deter customers from shopping. The controversy surrounding hawkers presents a complex legal issue, given the constitutional protections afforded to commercial speech. The Pratt Center recommends that the BID continue to try and engage business owners that employ hawkers to explore alternative strategies to market their companies, and work with building owners to enforce no-hawking clauses in their leases.

6. Expand the Capacity of 47th Street BID

The business owners that participated in this study generally agreed that the 47th Street BID has accomplished a great deal and they are happy with the results. The BID now needs additional staff to help manage day-to-day tasks and execute longer-term planning projects. The Pratt Center recommends the BID look for new partners to provide additional sources of support and create a formalized internship program and appeal to graduate students interested in economic development, the jewelry industry, business administration, or marketing and promotions.

Introduction

This is a critically important moment for New York City's diamond and jewelry industry. The city's Diamond District, on 47th Street between Fifth and Sixth avenues, is well positioned to become a bigger player in the city's tourism industry, in part by strengthening its relationships with the design schools and other design-oriented industries, by making capital improvements to create a more cohesively and appealing look to the district, and by expanding its marketing and promotional activities. With government assistance, these strategies can reinvigorate one of New York City's more iconic industries and ensure its continued existence and success for many more decades.

New York City's diamond and jewelry industry is an intensely inter-woven network of firms, with unique businesses buying, making, and selling products. The industry has earned a reputation for providing high value products in all branches of the sector including manufacturing, wholesaling, and retailing. Its highly skilled labor force and nimbleness in meeting consumer demand are two key characteristics contributing to the industry's longevity and its ability to maintain its role in New York City's competitive markets. This sector employs over 32,000 people in direct and indirect positions, with businesses paying wages higher than New York City's average in all three subsectors.

The first study of the diamond and jewelry industries was conducted back in 1992 by the office of then Manhattan Borough President Ruth Messinger. Her team undertook the study because at the time, the combined diamond and jewelry industry was the third-largest industry in Manhattan's manufacturing and wholesaling sectors based on employment, today the industry ranks as the second largest in manufacturing and wholesaling based on sales volume. The businesses shared the same qualities as they do today, with highly skilled workforces, low space demands, international reach, and an interrelated network of businesses that were integral to each other's success.¹

For decades the local diamond and jewelry industry has made significant contributions to the City of New York as measured by revenue and taxes generated, jobs created, as well as through connections to other major industries. Yet it has received little acknowledgement and support from government. The industry, while remaining a strong economic generator, is at a crossroads in which both decisions and investments need to be made. New York City is no longer the diamond manufacturing capital of the world, though it has retained high-end diamond manufacturing and remains the center for trading. Much of its production has moved overseas. However, the production and commerce that remain continue to yield high-value-added products feeding high-end local, national and international markets.

The Pratt Center for Community Development was retained by the 47th Street Business Improvement District to conduct a subsequent study of the diamond and jewelry industry to evaluate its economic impact in terms of its financial contribution to the City of New York as well as identify opportunities for investment to better support these businesses in adapting to an ever-changing marketplace.

This study was undertaken with two specific goals:

¹ Messenger, Ruth W. "Diamond and Jewelry Industries Study". Office of Manhattan Borough President. 1992.

1. Assess the importance and value of the local diamond and jewelry industry to the City of New York in terms of economic output and jobs.
2. Demonstrate the need for investment within the Diamond District including capital improvement and workforce development.

In order to achieve these goals, the Pratt Center project team set the following objectives:

1. Provide an overview of the economic impact of the industries including workforce demographics and wages;
2. Assess the overall export impact of the industry;
3. Assess the needs of the industry. Three particular areas of concern to the BID were the impact of the hawkers, potential gaps in the workforce, and perceptions about the streetscape;
4. Develop recommendations for public and private intervention to capitalize on the industry's strengths and address its weaknesses.

The report consists of four sections:

I. Economic Impact of New York City's Diamond and Jewelry Industry

This is an accounting of all of the economic contributions made by the industry to the City of New York as well as its industry role as both a national and international actor. It accounts for the number of jobs created by the diamond and jewelry industry, wages paid to workers, and demographics of its workers. It also identifies the industries in which it supports and those indirect jobs created.

II. Industry Structure & Trends

This section provides description of the current players in the local industry, including private enterprises, the 47th Street BID, and industry organizations. It also illustrates the decline and subsequent stabilization of the sector between 2000 and 2009. The number of employees and firms is captured and broken down by sub-sector: manufacturing, wholesaling, and retail.

III. Physical Environment of New York City's Diamond District

This section explores the current physical state of the Diamond District. Analysis was informed by industry interviews as well as a consumer survey conducted among visitors to the Diamond District. It highlights opportunities for the district to play up its role in the city's tourism landscape as well as explores issues associated with street advertisers and the development of the International Gem Tower.

IV. Workforce Development and Training Needs and Opportunities

This section summarizes the state of the industry's workforce as well as opportunities related to business estate planning and also to establish connections with area schools and training organizations that are preparing the workers of tomorrow. Several proposed recommendations will need support from industry as well as government.

The research and analysis conducted for this report was a collaborative effort that included the Pratt Center and its partners, the Fiscal Policy Institute (“FPI”) and Pumphouse Projects. The Pratt Center served as project manager, interviewed the district’s business owners and industry stakeholders, conducted a street survey of the pedestrians on 47th Street, and is the primary author of this report. FPI economists compiled and analyzed the economic data on the industry and prepared the economic impact analysis. Pumphouse Projects was responsible for identifying the area’s schools and training programs as well as interviewing the various educators and administrators about their respective programs and opportunities to collaborate with the local diamond and jewelry industry.

Industry stakeholders provided insight into the current state of New York City’s diamond and jewelry sector as well as opportunities they see for the future to ensure the district remains competitive and maintains its presence in the world market. Several educators provided essential information pertaining to the training and workforce development programs occurring in and around the city and offered insight as to how to better link the next generation of designers and jewelers to the Diamond District. Businesses on and around 47th Street shared their stories and provided us with firsthand information about the issues they face today and their needs for tomorrow.

V. Recommendations

This final section provides a set of recommendations that were formulated from the research and analysis described in the previous four sections of this report. As a result of our findings, the Pratt Center submits recommendations that span the spectrum of the current opportunities and challenges for both the 47th Street BID and its constituents. These ideas include upgrading the physical appearance of the district and promoting the area as a tourist destination, developing new market niches, collaborating with the area’s universities and other jewelry programs, resolving the dispute with the street advertisers, and finally—expanding the capacity of the 47th Street BID to ensure that its long-term plans can be realized.

I. Economic Impact of New York City's Diamond and Jewelry Industry

1. New York City's diamond and jewelry industry's multibillion-dollar impact

The economic impact of this sector is tremendous, particularly considering that the majority of the production and sales transacted in this sector occur on one block in midtown Manhattan.² In 2009, the diamond and jewelry sector was responsible for a total annual output of \$7.6 billion (which includes labor and non-labor inputs such as rent, energy, and materials) and total value added to the New York City economy of \$4.2 billion (labor based). The manufacturing and wholesale sectors combined generated \$24.183 billion in economic impact in 2009.³

The New York City jewelry manufacturing and wholesaling sector produced an estimated \$5 billion in total annual output and directly employs 19,500 people, with total employee compensation of \$1.5 billion. Including payroll, profits, other business income, and taxes, the diamond and jewelry sector added an estimated \$2.6 billion to New York City's 2009 annual gross product.

In addition to direct employment, the industry has a significant indirect impact creating an estimated 5,900 jobs in other supplier industries in New York City. In all, there are a total of 25,400 direct and indirect jobs associated with New York City's diamond and jewelry production activities. Most employees live in the city, consuming products and services that are locally produced or supplied. An additional 7,200 jobs across the broad swath of local industries are generated by the consumption demand of the direct and indirect diamond and jewelry workers. Counting direct, indirect, and induced employment it can be said that in 2009, the Diamond and Jewelry industry was responsible for approximate a total of 32,600 local jobs.

Table 1 Total Employment for Diamond and Jewelry Industry, 2009

Type of Employment	Number of Employees (approximate)
Direct	19,500
Indirect	5,900
Induced	7,200
Total	32,600

2. Diamonds and Jewelry are top exports for New York State

Diamonds, Jewelry and Gold are three of New York State's top four exports. Diamonds are the number-one export product, followed by painting and drawings, with jewelry in the third slot and gold in the fourth slot.⁴ In 2010, New York State exported \$9.1 billion in diamonds, \$3.5 billion in jewelry and jewelry parts and \$2.7 billion in Gold, Non-Monetary.

² The economic impact of New York City's diamond and jewelry industries was calculated using the IMPLAN regional input-output model. For more information on this model, please see the *Methodology* section of this report.

³ Fiscal Policy Institute, 2011

⁴ Foreign Trade Exports for New York 2010. <http://www.census.gov/foreign-trade/statistics/state/data/ny.html>

Table 2 Top Five Exports for New York State, 2010

Rank	Description	2010 Value (\$ millions)
1	Diamonds, Non-Industrial, Worked	\$9,117
2	Paintings, Drawing and Pastels by Hand	3,959
3	Jewelry and Parts Thereof, Of other Precious Metal	3,555
4	Gold, Non-Monetary	2,751
5	Civilian Aircraft, Engines, and Parts	1,836

3. New York City is a major center for the nation's jewelry sector

New York City's diamond and jewelry sector has its own local supply chain consisting of manufacturing, wholesaling, retailing, and supportive businesses. The local industry represents a sizable share of the total jewelry manufacturing and wholesaling activity in the United States as measured by number of employees and annual revenue. In 2009, a reported 4,136 diamond and jewelry businesses in New York City employed 22,377 people—most of whom live in the city as well as work there. **Table 4** provides a breakdown of the number of firms and employees working in the industry by sector in 2009.

Table 4 Number of Firms and Employees by Sector (2009).⁵

Sector	# of Firms	# of Employees
Manufacturing	581	5,008
Wholesale	2,301	11,663
Retail	1,254	5,706
Total	4,136	22,377

The 2007 Economic Census offers the most recent reporting of sales and employment figures, based on a survey conducted every five years. That year, New York City's 537 jewelry manufacturers had annual sales of \$3.3 billion and annual payroll of \$389 million and employed 8,329 people. Depending upon the measure — number of jobs, total wages, or annual sales — New York's share of jewelry manufacturing accounted for between 21 percent and 34 percent of national activity. Estimates on retail sales are virtually impossible to obtain because companies in this sub-sector are grouped together under a general "retail businesses" heading and are not delineated by product specialty.

The jewelry wholesaling sector is the largest generator as measured by jobs and revenue for the industry. It employs about twice the number of people working in jewelry manufacturing at both the New York City and national levels. In 2007, 2,612 companies employed 16,548 people in wholesaling. These companies reported total sales of \$20.9 billion and paid \$874 million in payroll.

New York City jewelry companies had substantially greater sales per employee than jewelry companies throughout the United States. In jewelry manufacturing, New York City companies

⁵ NYS DOL QCEW, 2009

had \$393,100 in sales per employee—80 percent greater than the rest of the U.S. On the wholesale side, New York City businesses had \$1.263 million in sales per employee—twice that of jewelry wholesalers in the rest of the U.S.

Table 5 shows the manufacturing and wholesale sub-sectors in terms of the number of firms, employment, annual sales, and payroll information for 2007.

Table 5 New York City share of U.S. jewelry / diamond manufacturing and wholesaling activity⁶

	No. of Firms	Employment	Sales (\$millions)	Annual Payroll (\$millions)
Jewelry/diamond manufacturing				
United States	2,546	37,439	\$9,640	\$1,363
New York City	537	8,329	\$3,274	\$389
NYC share of U.S.	21.1%	22.2%	34.0%	28.5%
Jewelry/diamond wholesaling				
United States	7,806	51,780	\$42,478	\$2,385
New York City	2,612	16,548	\$20,909	\$874
NYC share of U.S.	33.5%	32.0%	49.2%	36.7%
Sales per worker				
NYC jewelry/diamond manufacturing	\$393,100			
Rest of U.S. jewelry/diamond manufacturing	\$218,688			
Ratio of NYC to rest of U.S.	1.80			
Sales per worker				
NYC jewelry/diamond wholesaling	\$1,263,540			
Rest of U.S. jewelry wholesaling	\$612,198			
Ratio of NYC to rest of U.S.	2.06			

4. Jewelry ranks fourth in largest wholesaling sectors for New York State

Jewelry wholesaling generates the fourth-highest amount in sales among all wholesaling sectors in New York State. The 2007 Economic Census revealed that jewelry wholesalers had sales worth \$21.9 billion—surpassed only by drugs, women’s and children’s clothing, and the motor vehicles sectors.⁷ As with jewelry manufacturing, almost all of the jewelry wholesaling in New York State takes place in Manhattan, most of it within the Diamond District.

⁶ U.S. Bureau of the Census, 2007 Economic Census

⁷ 2007 Economic Census

Table 6 Top Wholesale Sectors for New York State, 2009

Manufacturing Sector	Sales (\$ billions)	Ranking
Drugs and druggists' sundries	\$51.993	1
Women's and children's clothing	\$29.623	2
Automobile and other motor vehicles	\$27.348	3
Jewelry merchant wholesalers	\$21.868	4
Petroleum bulk stations and terminals	\$19.448	5
Other grocery and related products	\$17.501	6
Metal service centers	\$15.981	7
Computer and software	\$13.157	8
Dairy product (except dried or canned)	\$11.259	9
Other electronic parts and equipment	\$11.019	10

5. The diamond and jewelry industry makes a handsome contribution to New York City's local economy

New York City's sizeable market share of the nation's diamond and jewelry industry brings benefits to the city itself, by creating well-paying jobs directly within the sector as well as indirectly through supplier transactions. These jobs generate significant taxes for the city. In addition, the industry serves as its own marketplace, with the majority of buyers and sellers located on 47th Street. City jewelers provide unique products and designs to meet the commanding needs of high-profile industries.

Diamond and jewelry companies rely on each other for supplies as well as sales. At the same time, a host of other industries also support the jewelry businesses with products and services. For instance, many businesses on 47th Street sell goods throughout the United States and abroad. Thus they are large users of truck transport services. One can visit the Diamond District at any time of the business day and see a Fed Ex or Brinks truck parked on 47th Street loading up packages. In 2009, the local industry spent about \$13.5 million on truck transports. Discussions with industry members make us believe that this amount may be higher. In total, the industry purchased \$1.015 billion in products and services from supportive industries. **Table 7** is a listing developed by the Fiscal Policy Institute showing the largest suppliers to the city's diamond and jewelry businesses.

Table 7 Major suppliers to the jewelry industry in New York City

Largest suppliers	est. 2009 (\$ millions)	% of all inputs
Wholesale trade businesses	\$201.07	19.8%
Advertising and related services	\$99.83	9.8%
Management of companies and enterprises	\$80.66	7.9%
Real estate establishments	\$57.19	5.6%

Largest suppliers	est. 2009 (\$ millions)	% of all inputs
Couriers and messengers	\$33.00	3.3%
Management consulting	\$31.39	3.1%
Lessors of nonfinancial intangible assets	\$24.25	2.4%
Telecommunications	\$23.14	2.3%
Legal services	\$22.54	2.2%
Electric power generation and transmission	\$22.02	2.2%
Business support services	\$21.38	2.1%
Insurance carriers	\$21.33	2.1%
Accounting- and bookkeeping services	\$20.65	2.0%
All other misc. professional- scientific services	\$20.17	2.0%
Other support services	\$15.98	1.6%
Monetary authorities and depository credit institutions	\$15.59	1.5%
Transport by truck	\$13.54	1.3%
Food services and drinking places	\$13.12	1.3%
Subtotal, these suppliers	\$736.85	72.6%
Balance of inputs	\$278.30	27.4%
Total Inputs	\$1,015.15	100.0%

In addition to making and selling products, local diamond and jewelry companies are major employers of city residents and generate a significant amount of tax revenue for the city. Using industry averages from the City of New York’s Department of Finance, the diamond and jewelry sector generates approximately \$120 million annually in local income, sales, and property taxes. This amounts to about \$5,700 per worker directly employed in the sector.

Table 8 New York City tax impact of employment in Diamond & Jewelry sector⁸

Sector	Employment	Taxes per worker	Estimate NYC tax impact
Manufacturing	8,562	\$6,420	\$54,967,329
Wholesale	10,917	\$5,296	\$57,813,891
Retail*	1,500	\$4,820	\$7,230,000
Total estimated taxes			\$120,011,220

** Reflects one-third of Manhattan jewelry retail employment.*

The diamond and jewelry sector creates additional jobs outside of those employed directly at one of the businesses. According to the IMPLAN model run by Fiscal Policy Institute, New York City’s diamond and jewelry sector has a total employment multiplier of 1.70—meaning that 100

⁸ FPI estimates using taxes per worker from NYC Department of Finance, 2010.

direct jobs in jewelry manufacturing and wholesaling generates another 70 jobs in supplier and other local industries. This total employment multiplier of 1.70 places the industry in the top ranks of New York City sectors as measured by employment-generating ability.

The highest employment multipliers are found in sectors like broadcasting (3.17), securities (2.61), commercial banking (2.46), insurance (2.11), and publishing (1.97). The diamond and jewelry multiplier is on par with apparel manufacturing and greater than that of computer services (1.62), hotels (1.57), health care (1.38), arts and entertainment (both 1.31) and retail (1.28). **Table 9** lists the employment multipliers by sector.

Table 9 Total Employment Multipliers, NYC, 2008⁹

New York City Sector	Total Employment Multiplier
Broadcasting	3.17
Securities	2.61
Commercial banking	2.46
Insurance	2.12
Publishing	1.97
Motion picture production	1.90
Legal services	1.85
Advertising	1.77
Air transportation	1.76
Jewelry wholesale	1.72
Jewelry mfg. + wholesale	1.70
Apparel mfg.	1.69
Jewelry manufacturing	1.67
Computer services	1.62
Food & beverage manufacturing	1.61
Freight transportation	1.61
Hotels	1.57
Health care	1.38
Personal services	1.32
Arts	1.31
Entertainment	1.31
Other services	1.30
Retail	1.28
Business services	1.27
Restaurants	1.20
Social assistance	1.16
Passenger transit	1.12

⁹ Fiscal Policy Institute analysis of IMPLAN.

The sector generates a direct value added of \$141,000 per worker. This places the diamond and jewelry sector behind leading local sectors such as finance, insurance and media but ahead of other significant sectors like hotels, air transportation, health care, retail, and arts and entertainment.

Table 10 Value added per employee, Jewelry and other major sectors, New York City, 2008

	Direct Value-Added (millions\$)	Employment	Value Added per Employee (2008\$)
Commercial banking	\$24,916	53,415	\$466,450
Securities	\$92,114	267,009	\$344,986
Media	\$5,921	19,881	\$297,822
Insurance	\$16,536	70,114	\$235,846
Publishing	\$10,582	58,988	\$179,392
Legal services	\$22,382	130,779	\$171,142
Jewelry wholesale	\$2,554	16,136	\$158,300
Motion picture prod.	\$6,739	44,041	\$153,021
Advertising	\$12,724	90,187	\$141,083
Jewelry mfg. + wholesale	\$3,360	23,827	\$141,020
Hotels	\$3,674	29,056	\$126,429
Computer services	\$10,022	83,143	\$120,542
Air transportation	\$3,167	26,845	\$117,955
Jewelry mfg.	\$806	7,690	\$104,763
Apparel mfg.	\$2,387	23,445	\$101,792
Freight transportation	\$1,796	20,381	\$88,141
Health care	\$30,544	415,443	\$73,522
Other services	\$2,729	39,232	\$69,563
Retail	\$24,867	363,291	\$68,449
Food & beverage mfg.	\$1,093	16,241	\$67,284
Personal services	\$5,049	81,122	\$62,235
Business services	\$16,787	278,657	\$60,241
Arts (performing arts and museums)	\$4,095	74,179	\$55,209
Entertainment	\$2,358	51,580	\$45,718
Restaurants	\$10,539	238,493	\$44,192
Passenger transit	\$2,065	72,978	\$28,299
Social assistance	\$5,337	188,627	\$28,293

6. Tourism

The Diamond District also serves as a tourist destination for domestic and international visitors. Local manufacturing, wholesale and retail companies value the tourism industry. It creates a synergistic relationship in which visitors shopping on 47th Street are likely to pay less than full retail value for a piece of jewelry and the local businesses benefit from the sales.

It is very difficult to estimate the revenue generated by the tourism industry for the Diamond District. While the majority of businesses sell to clients in both domestic and international markets, no data source shows the extent of sales made to visitors from outside of New York City to 47th Street. Additional information on the Diamond District and tourism can be found in *III. Physical Environment of New York City's Diamond District* of this report.

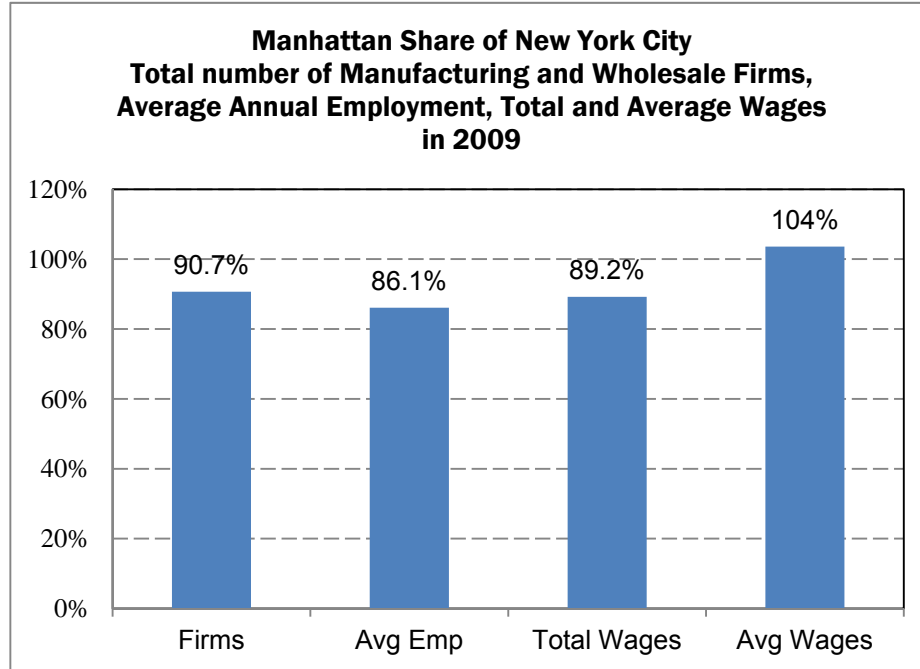
7. Tradeshows

Diamond and jewelry tradeshows are held throughout the world in places such as Basel, Venice, Hong Kong, Miami, Las Vegas, and New York City. They have been a hallmark for the industry. Companies attend these events to learn about industry and product trends, reconnect with past or existing customers re-establish relationships, and show new product lines. More than half of the companies we interviewed participate in the tradeshow circuit either as exhibitors or visitors. All except for two of the companies who said they participate in tradeshows attend the JA International Jewelry show at the Javits Center. Thousands of industry members come to New York City at least twice per year for this event, contributing to the local tourist economy by staying in the city's hotels and eating at local restaurants. The JCK show held annually in Las Vegas is gaining widespread popularity with local businesses. Almost half of those interviewed said they have attended this show at least once.

8. Concentration of activity and high wages paid within Manhattan

The overwhelming majority of New York City's diamond and jewelry businesses and employment are located in Manhattan. As **Chart 1** indicates, 91% of New York City's diamond and jewelry businesses are located in Manhattan, with 86% of payroll employment and 89% of total wages paid. Most of this is located within the Diamond District.

Chart 1¹⁰



9. New York City's diamond and jewelry businesses pay more on average than the competition

The federal government counts the number of people working in industry in two principal ways. *Payroll employment* reflects workers covered by state unemployment insurance. Payroll employment excludes sole proprietors or the self-employed. What we call here *total employment* includes payroll employment sole proprietors and the self-employed. The Economic Census is the most reliable source for recording the industry's total employment.

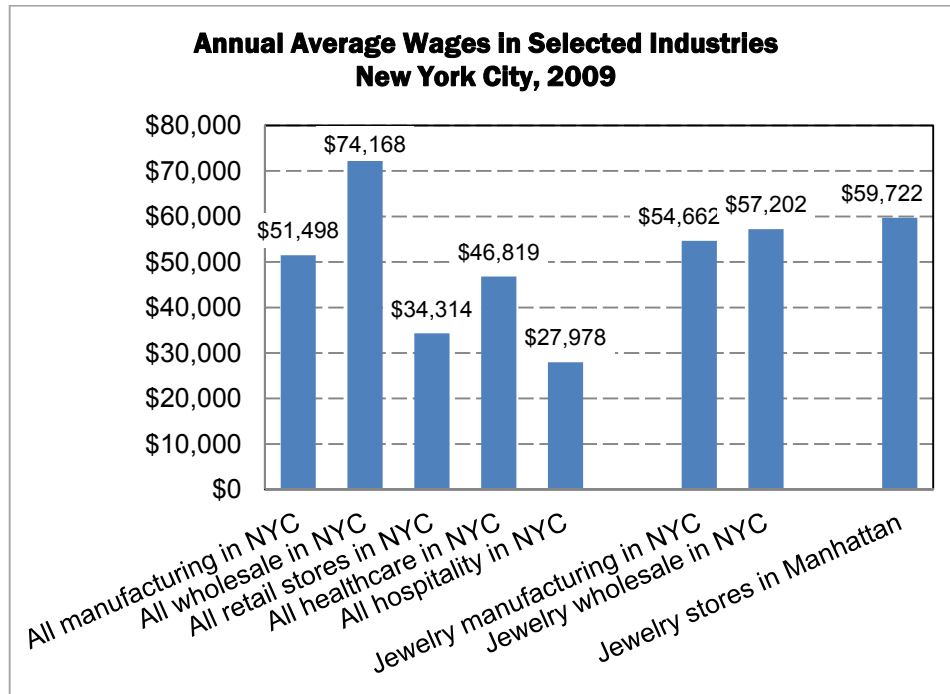
In 2007, government data showed total employment in New York City's jewelry manufacturing and wholesaling combined at 24,877 and payroll employment at 20,821. Thus the total was 1.195 times payroll employment or about 20 percent greater.

In 2009, annual wages in jewelry manufacturing for New York City averaged \$54,662. This is 25 percent greater than the \$43,763 median annual earning for city residents working full-time, year around as reported by the American Community Survey. Jewelry wholesale jobs had even higher wages, averaging \$57,202. Wages in jewelry retailing in Manhattan are also much higher than the average for all retail in the city, reporting an average of \$59,722 compared to \$34,722 for all of New York City retail stores. These wage levels do not include fringe benefits or health insurance, as there is currently no published or reliable data available for this sector.

As **Chart 2** indicates, jewelry wages compare very well with average wages in such major New York City sectors as healthcare and hospitality. The wages listed in this chart are almost all higher than the comparable average for New York City by sector, except for wholesaling.

¹⁰ NYS DOC QCEW

Chart 2



The data, from the New York State Department of Labor, represents an average of wage data reported by individual companies. It is also a broad representation of wages earned; it does not delineate individual positions within a subsector. For instance, a caster may earn a higher salary than what is illustrated in the data yet his earnings are lumped in with all positions associated with production.

10. Diamond and jewelry industries provide job opportunities to a culturally diverse workforce with a range of educational attainment

Government data sources provide relatively limited information on workforce demographics in the jewelry industry. We were able to examine the characteristics of workers in broader sectors that include high percentages of jewelry wholesale and manufacturing workers in order to develop a general idea of the variety of people employed in these industries.

Data obtained from the American Community Survey revealed the industry's demographics are primarily immigrant workers who are non-white and between the ages of 25 and 49, with slightly more men than women (53% male, 47% female), working in a business whose average age is 44 years old. The workforce is split in educational attainment—with just under one half of workers having the equivalent of a high school education or less and the other having completed some college or a higher degree. Only 27 percent of the people working in the diamond and jewelry industries have a bachelor's degree or higher.

It appears that the industry's demographic make-up has remained consistent over the past 20 years. On the whole, the sector has maintained a labor force of highly skilled, nonwhite males. While New York City's industries as a whole have become more diverse since the mid-1990s,

the diamond and jewelry industry scarcely changed. One-third of the people working at diamond and jewelry companies self-report themselves as “Other” for race and ethnicity.

We were able to confirm this data anecdotally during our interviews with members of the industry. According to those with whom we spoke, the cultural background of workers continues to expand with a growing presence of Indians, Russians, and people from the Middle East. Several reported “Jewish” as the most prevalent cultural background of workers, while others said they employed people from Eastern and Western Europe, China, and India. However, the industry has very few black and Latino employees, even though these two groups make up almost one-half of the city’s workforce.

In this industry production jobs require a high level of skill in a range of positions including designer, model maker, cutter, jeweler, setter, caster, and polisher. The diamond and jewelry sector has steadily provided employment opportunities to those born outside of the U.S., with technical skills, but who have attained little more than a formal secondary education.

Positions outside of production include executive, administrative and accounting, marketing and sales, operations, and brokers.

Table 11 is a summary of the workforce demographics. The industry offers manufacturing, retail and wholesale positions to an incredibly diverse group of people—many of who may be challenged finding employment elsewhere because of lack of skills in other areas and/or education.

Table 11 Demographic Profile of New York City Workers Employed in Jewelry Manufacturing and Wholesaling

	Jewelry Manufacturing and Wholesale	All Industries
Gender		
Male	52.9%	51.7%
Female	47.1%	48.3%
Age		
Median Age	43.7	40.0
16-24	4.7%	10.5%
25-49	59.3%	62.7%
50+	36.0%	26.8%
Race-ethnicity		
White, non-Hispanic	43.9%	38.5%
Black, non-Hispanic	5.7%	21.6%
Hispanic	18.4%	25.7%
Other (including Asian)	32.0%	14.2%
Nativity		
Native	30.6%	53.6%
Immigrant	69.4%	46.4%
Educational Attainment		
Less than High School	11.4%	14.1%
High School	37.7%	24.4%
Some College or AA Degree	24.4%	22.8%
Bachelor’s or Higher	26.6%	38.8%

II. Industry Structure & Trends

New York City's diamond and jewelry industry is made up of a complex network of businesses that include manufacturing, wholesale, and retail companies as well as supportive industries including security, insurance, banking, and delivery services. One of the city's particular advantages in the global industry is the clustering of these companies (primarily located on 47th Street), which provides a range of services and products in a business-to-business capacity as well as directly to the consumer market.

In other countries such as India, which has risen as a major player in diamond manufacturing and trade, the supply chain is more geographically dispersed. For example, diamond sorting takes place in Mumbai while the manufacturing operations are located in Surat. The transport of diamonds sorted in Mumbai and sent to be processed in Surat requires a three-hour train ride.¹¹ In New York, one could walk across the street for the same activity. Our conversations with several business owners in and around the district confirmed that their close proximity to suppliers and customers is an important advantage of the Diamond District.

In addition, a number of trade and professional nonprofit organizations serve the industry and operate on local, national, and global levels. In some instances, the trade groups have a more focused mission limited to a particular business type or product at varying geographic levels. For instance, the Cultured Pearl Association of America is dedicated to the cultured pearl industry and has a membership that includes businesses at every point on the supply chain from manufacturers to suppliers to dealers in the United States. Another group, the Indian Diamond and Colorstone Association (formed in New York), is dedicated to promoting the use of merchandise from businesses of Indian origin. There is also a national presence on the street including organizations such as the Jewelers Vigilance Committee, Jewelers Security Alert, Jewelers of America, and the Diamond Dealers Club. Together, this mix of private businesses and public organizations addresses issues such as business development, advocacy, and education and spans all nodes of the network.

Manufacturing

A core strength of New York City's diamond and jewelry manufacturers is great flexibility in both products and clientele. While the local diamond cutting sector has waned, with Israel and India absorbing much of this work, a talent pool of workers still remains that cut diamonds for different businesses. In addition, small shops that occupy spaces on the upper floors of the district's buildings perform manufacturing and repair work for wholesalers, retailers, and direct customers.

Jewelry manufacturing requires several steps from the initial design process to the piece's final polishing. Each of these steps is executed by a different worker who has a specific set of skills. A typical jewelry manufacturing process can be illustrated as:

Design → Model Making → Casting → Pre-Polishing → Assembly → Setting → Final Polishing

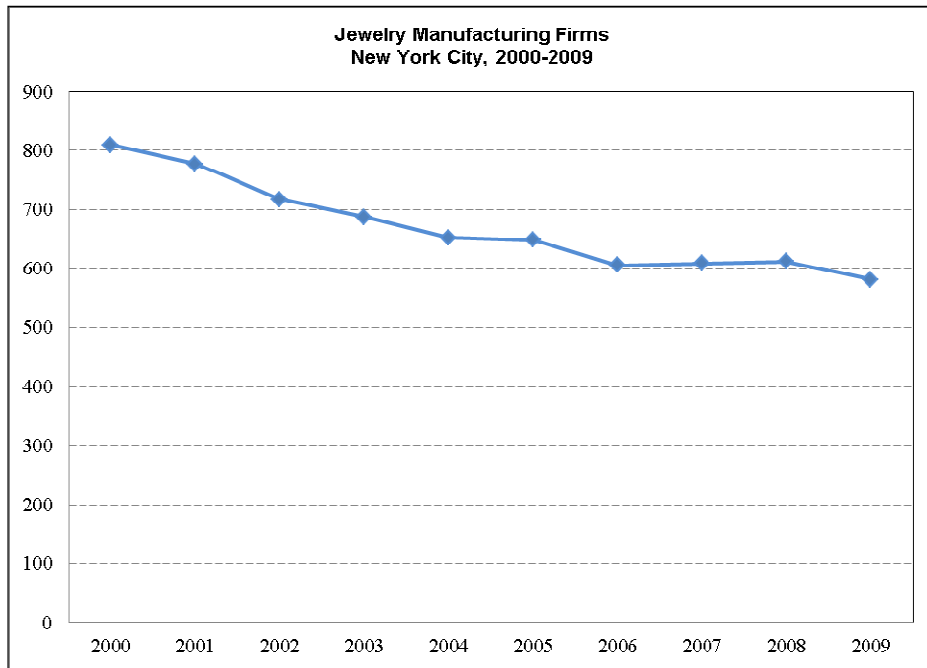
Global competition has resulted in some of the steps of this process (such as model making) shifting overseas to countries such as Hong Kong, Japan, and Thailand. The shift has occurred in those stages that are most labor intensive and add to the cost of the finished piece. Some of the

¹¹ Krawitz, Avi, "India... The New Diamond Powerhouse". Pp 2. August 1, 2010. Rapaport / Diamonds.net

businesses we interviewed believe that portions of the industry which have been exported overseas will return to the U.S. as other countries' wage rates increase. For now, it appears that New York City's industry will find the most success in the high-end product market where it can justify labor costs instead of trying to capture any of the commodity market.

Chart 3 indicates that the number of New York City's jewelry manufacturing firms has been on the decline since 2000, with a loss of about 28 percent of total firms. Many of the firms that remain most likely focus on high-quality and -priced pieces to maintain a presence in New York.

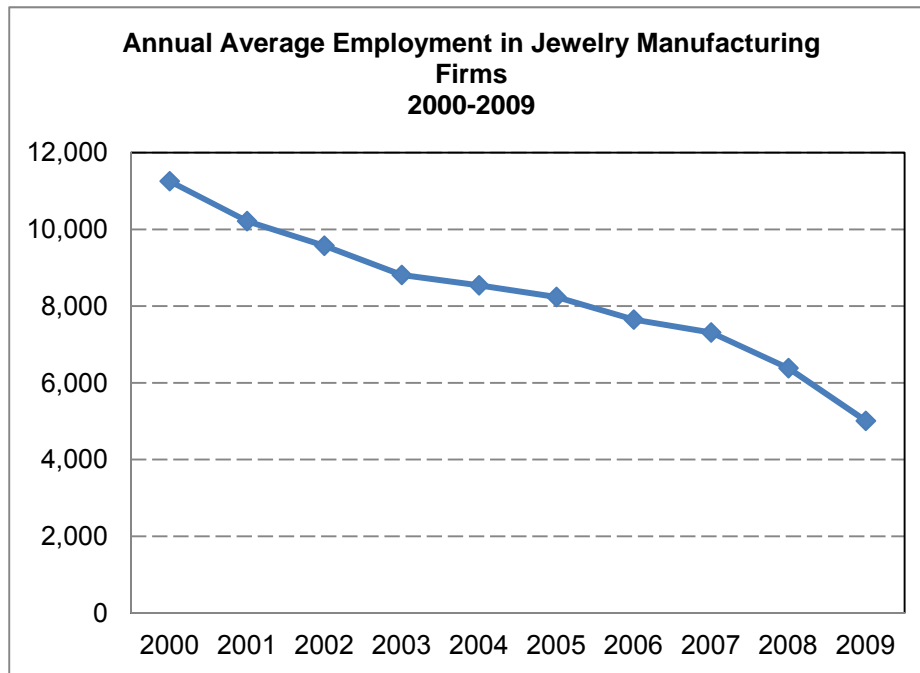
Chart 3¹²



¹² NYS DOL QCEW

Chart 4 tracks the decline of employment from 2000-2009. The sector has lost roughly half of the employees in the past decade. The decrease corresponds with the general decline of New York City’s manufacturing sector.

Chart 4¹³



Wholesale

Local diamond and jewelry wholesalers have customers up and down the industry supply chain. These businesses function as the intermediary between manufacturers and wholesalers. In one vein, wholesalers work closely with manufacturers to provide stones and materials necessary to cut diamonds or make jewelry. In another, they will sell goods that are either imported or produced locally to other wholesalers or directly to retailers.

A firm’s success heavily depends upon its flexibility in functioning within the supply chain as well as its reputation. One of New York’s stronger assets across all industries is the ability to meet consumer demands in a short time period. Customers in the jewelry industry operating on tight timelines depend on local companies for high-quality products with a quick turnover. Maintaining an excellent reputation in the industry is especially critical for the Diamond District, where businesses are geographically on top of one another and word therefore spreads easily about individuals’ business practices.

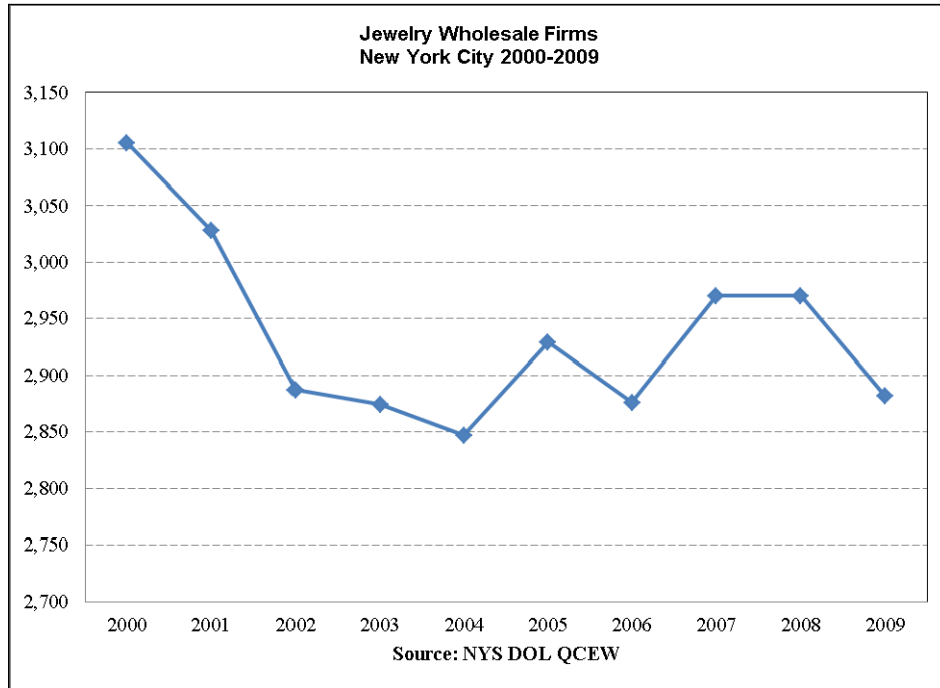
Frequently, wholesalers will combine manufacturing and wholesaling activities. While this has been a model for some time, the balance in manufacturing versus wholesaling activities has tipped. In prior years, local companies focused more on the manufacturing of products with some wholesaling. However, some companies we interviewed for this study confirmed their business model shifted. They moved their manufacturing operations overseas to places like Israel and Italy

¹³ NYS DOL QCEW

or ceased to manufacture altogether, and their New York operations are now more focused on wholesaling.

Chart 5 shows the fluctuation in New York City's wholesaling businesses from 2000-2009.

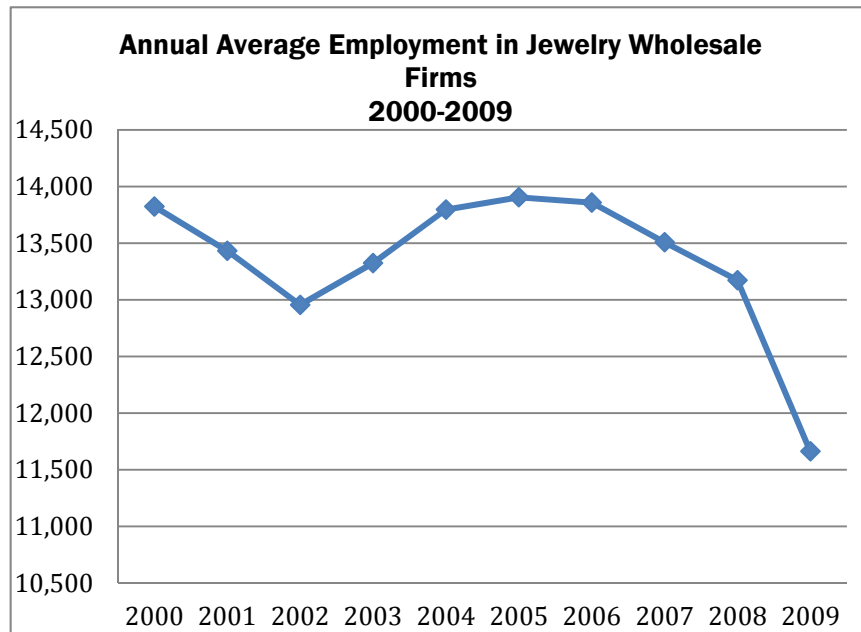
Chart 5¹⁴



¹⁴ NYS DOL QCEW

Chart 6 shows the employment trends in the wholesales sector over the past 10 years. Overall, the number of employees in this sector has declined by just over 2,100 people or almost 16% of the wholesale workforce

Chart 6¹⁵



Manufacturing and Wholesale Combined

Since 2000, the number of diamond and jewelry companies in both the manufacturing and wholesale sectors combined has declined by 7 percent. The bulk of this decline occurred during the decade's two recession periods, 2001-'02 and 2007-'09. Wholesaling in New York City has held up much better than manufacturing. The number of local diamond and jewelry firms was stable from 2000 to 2009. However, the number of manufacturing companies fell by 28 percent. Conversely, the number of jewelry retail stores has grown by 2.5 percent in the past decade.

Table 12 lists the number of employees and firms by year from 2000 to 2009 in all three primary sectors of the industry—manufacturing, wholesale, and retail—as well as the percent change.

¹⁵ NYS DOL QCEW

Table 12 Number of Employees and Firms in Jewelry Industry in New York City, 2000-2009

	Employment					Firms			
	Jewelry Wholesale	Jewelry Manufacturing & Wholesale Combined	Jewelry Retail	Jewelry Industry Total	Jewelry Wholesale	Jewelry Wholesale	Jewelry Manufacturing & Wholesale Combined	Jewelry Retail	Jewelry Industry Total
2000	11,255	13,824	25,079	7,048	32,127	2,296	3,105	1,223	4,328
2001	10,215	13,433	23,648	6,761	30,409	2,251	3,028	1,229	4,257
2002	9,573	12,956	22,529	6,660	29,189	2,170	2,887	1,186	4,073
2003	8,811	13,325	22,136	6,812	28,948	2,187	2,874	1,142	4,016
2004	8,542	13,797	22,339	7,001	29,340	2,195	2,847	1,070	3,917
2005	8,238	13,906	22,144	7,143	29,287	2,281	2,929	1,137	4,066
2006	7,648	13,859	21,507	7,401	28,908	2,270	2,876	1,178	4,054
2007	7,312	13,509	20,821	6,465	27,286	2,361	2,970	1,263	4,233
2008	6,382	13,173	19,555	6,373	25,928	2,358	2,970	1,310	4,280
2009	5,008	11,663	16,671	5,706	22,377	2,301	2,882	1,254	4,136
<u>2000-2009</u>									
Abs. change	<u>-6,247</u>	<u>-2,161</u>	<u>-8,408</u>	<u>-1,342</u>	<u>-9,750</u>	<u>5</u>	<u>-223</u>	<u>31</u>	<u>-192</u>
Pct. Change	<u>-55.5%</u>	<u>-15.6%</u>	<u>-33.5%</u>	<u>-19.0%</u>	<u>-30.3%</u>	<u>0.2%</u>	<u>-7.2%</u>	<u>2.5%</u>	<u>-4.4%</u>

Retail

New York City's jewelry retail stores are the face of the industry for individual customers and tourists, and it is a face of extraordinary diversity, from national chains to small booths located in exchanges. Some businesses occupy booths near the window in order to attract street traffic, while others situated further back may rely on planned meetings with customers. Local retailers sell a vast array of products including rings, necklaces, earrings, bracelets, pendants, watches, and jewelry findings of every conceivable design and from every period in fashion. Some businesses sell or supply a little bit of everything, while others have carved out niches for themselves based on stone type or a particular type of jewelry. In any event, it appears that these businesses can source an item for a customer even if they do not carry it themselves.

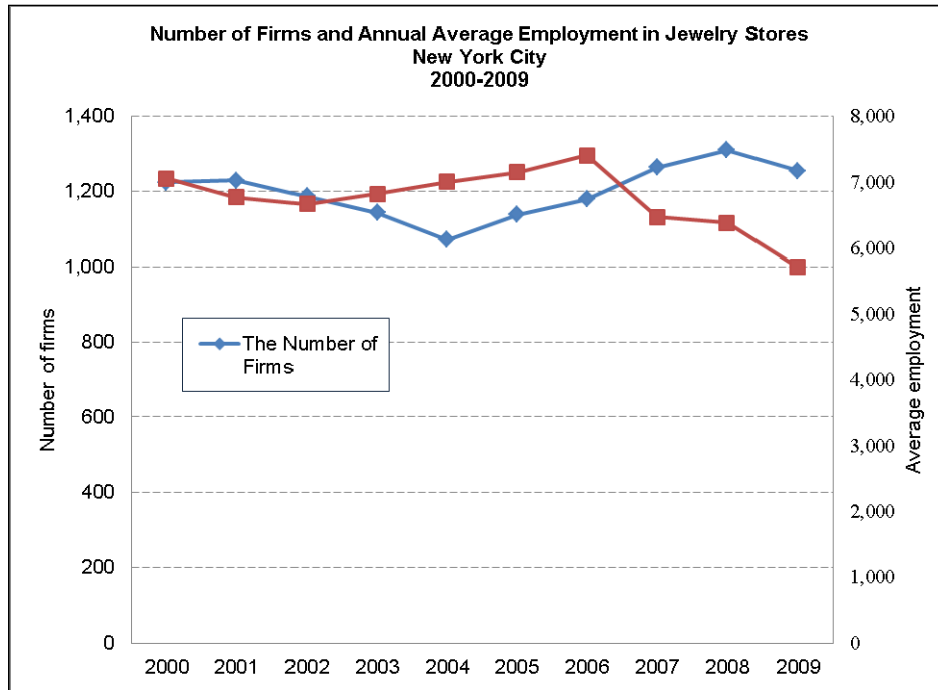
Retailers work directly with their customers on aspects including design and finished products. All of the retailers we spoke with offered some variation of a repair service with some of them keeping the function in-house, while others sent pieces out for repair to another business in the Diamond District.

Similar to the wholesaling sector, jewelry retailers have an international clientele. While local visitors are an important part of revenue streams, the majority also have customers throughout the United States and abroad. Several of the retailers we spoke with stated that the street traffic has dwindled over the decade. As a result, companies have left their posts in the exchanges and moved upstairs to spaces with lower rents. This move allows companies to have more control over the clients that they see; however, they do lose their street presence and potentially new clients.

The number of jewelry retail firms has increased from 2000-2009 by 31 firms, or 2.5 percent. We could not confirm where in the city this growth took place. However, presumably, a share of this occurred on 47th Street. At the same time, the retail sub-sector saw a decrease in employment, with the sector losing roughly 19 percent of its workforce.

Chart 7 is a summary of both the firm and employment trends from 2000-2009.

Chart 7¹⁶



47th Street BID

The 47th Street Business Improvement District plays a critical role in the city’s Diamond District. Unlike any other in New York City, the BID’s catchment area is overwhelmingly driven by the needs of one industry: diamonds and jewelry.¹⁷ As a result it is in a unique position to develop its programming and services around the business needs of this one industry. The BID’s staff consists of two people, Executive Director Michael Grumet and his assistant. 47th Street is considered to be a mid-sized BID, operating on a \$650,000 annual budget (\$500,000 earned in assessments and an additional \$150,000 in donations and advertising sales from the newsletter). It is financially responsible for security and sanitation costs, directors and operators liability insurance. The BID also owns and is liable for street light poles.

Currently there are 30 buildings in the BID’s territory, all of which pay the assessment. Building 580 Fifth Avenue has nearly all jewelry-related tenants and it occupies much of the north side of 47th Street, yet it is included in the 5th Avenue BID and not in the 47th Street BID. While the building’s management team makes financial contributions to the 47th Street BID, it remains a missed source for significant revenue. This presents an opportunity for the City to re-evaluate the method in which it determines the districting of BIDs throughout the five boroughs.

¹⁷ While the Fashion Center, Downtown Alliance and Lincoln Center BIDs may have anchor or predominant industries (fashion, finance and the arts,) none are so dominated by one sector as the Diamond District.

All commercial businesses are required to pay the assessment fee toward the BID. However, paying the assessment does not mean a company or property owner is a member of the BID. One has to fill out a membership card in order to be able to vote for the board and budget. The total membership is unknown and it can be difficult to attract new members as a result of building owners' unwillingness to share tenant lists. Despite some of the constraints in reaching out to businesses, the BID has seen an increase in board membership since Grumet began his tenure as executive director in 2006. There were 15 members when Grumet assumed his position and that number increased to 34 board members today.

The BID has a monthly newsletter which serves as a source for news and information for the District's businesses. In this newsletter, one can learn about technological innovations, business services, international happenings, and BID activities. The organization frequently holds educational events on a host of topics that include energy conservation, how to's on exporting, and updates to industry laws. Grumet learns about and decides on the event topics through his networking and company requests. He would like to hold one on business succession planning. Many businesses (as is typical in other manufacturing sub-sectors) are not preparing for ownership transfer, which can inhibit a company's ability to plan for the long term.

The 47th Street BID sees several opportunities to improve the physical conditions of the Diamond District and expand services to support the local businesses. The physical improvements are focused on the streetscape and include washing the exteriors of the buildings along 47th Street as well as steam-cleaning the sidewalks. In addition, the BID is interested in exploring funding opportunities that would incentivize building owners to make the capital improvements necessary to update their buildings. The BID director confirmed the industry needs to continue to cultivate its next generation of workers through training opportunities for workers to learn manufacturing skills, including setting, cutting, and polishing. The BID and its Board of Directors plan to explore the feasibility of establishing its own training program to fulfill this need.¹⁸

The 47th Street BID levies a high assessment of 43 cents per square foot against its property owners. This is a higher rate than other BIDs throughout the city. However, this BID is in a particularly difficult position because its catchment area is made up of a single block of buildings. Therefore, while the assessment is higher than those paid in other neighborhoods, it does not generate as much funding. The rate was recently increased and therefore it will likely be difficult to raise this rate again in the near future. Yet, it is anticipated that once the new Gem Tower receives its Certificate of Occupancy, the rates will decrease for everyone on the block.¹⁹

Given 47th Street's limited staff capacity and budget, it must seek other ways in which to stretch its resources. One challenge is the need to strengthen relationships between the industry and educational institutions. For instance, the BID may consider creating internship positions to provide additional human capital that perform business outreach, coordinate events, and assist with clerical responsibilities. In addition, it should seek to partner with existing educational and training organizations to develop feeder programs, sending graduates to the Diamond District's business community. Such a partnership could also lead to an expansion of the training and facilities necessary to prepare future workers.

¹⁸ Interview with Michael Grumet. 47th Street Business Improvement District. January 31, 2011.

¹⁹ The individual assessments will decrease by approximately two-thirds its current rate once the Extell building is completed. It should be noted that this will likely take many years when taking into account the process of obtaining a Certificate of Occupancy from the City as well as selling the space.

Diamond Dealers Club

The Diamond Dealers Club (DDC) had played a significant role in the local New York City for 80 years. The club was founded in 1931 and was established as trade association as well as a bourse (exchange) for the industry. There are currently 29 bourses around the world, with three located in the United States (Los Angeles, Miami, and New York City). The DDC provides a secure locale at which dealers can trade diamonds, and it has served as a significant function for its members as an informal office space and place in which to bring visiting customers. In addition to security, the DDC also offers an arbitration system through which its members can resolve businesses disputes.

The DDC is now beginning to reposition itself to be the national voice of the diamond and jewelry industry by representing its members and their interests at various levels of government within the United States as well as international markets. It has begun a nationwide campaign to attract new members with a goal of nearly doubling its current membership of 2,000 in the next couple of years. As part of its campaign via the website and word of mouth, the DDC is promoting the benefits of membership.

According to one DDC affiliate, one of the club's greatest benefits is its arbitration system. On the whole, industry members seek to maintain privacy related to business transactions. Therefore when there is a dispute amongst members, they can resolve the disagreement through arbitration, without having to enter into a formal legal process. The Board of Arbitrators consists of industry peers, where the Vice President of the DDC is the Chairman of Board along with five other members. The litigant files a claim with the board and pays a small fee. The arbitration is held three weeks from the date of filing. The Board hears the case and hands down a decision. The process can go on for a few months, but normally it is completed in two months. A decision has never been overturned in the 80 years of the arbitration system. Those that are unhappy with the decision can file an appeal. Customers may also file a claim if they purchased an item from a DDC member.

A priority for the DDC is building consumer confidence in the industry. It views the arbitration system as one way in which a customer can confidently make a purchase, knowing that a system is in place resolve a dispute if one should arise. The DDC is also in the process of expanding its benefit package to members with the hope that this will also translate into additional safeguards for consumers. The club will be making an announcement about these additional benefits in the near future.

The DDC has a good-standing relationship with the 47th Street BID and its President, Moshe Mosbacher holds a non-voting seat on the BID Board of Directors. There are crossovers in both agencies interest in improving the general image of the industry, to encourage local production as well as improve the overall aesthetic and functionality of the Diamond District.

III. Physical Environment of New York City's Diamond District

The Diamond District has a great deal of street activity. It is full of visitors, businesspeople, shoppers, and people just passing by. Situated between Fifth Avenue and Sixth Avenue, 47th Street serves as a place to talk shop between business people, a destination for tourists, and a thoroughway for walkers crossing town. As part of our research into the local diamond and jewelry industries, we also assessed the physical environment of the Diamond District. We sought to identify opportunities to improve the utility and appeal of the street in order to create an overall positive experience for both everyday users and visitors.

Our assessment accounted for a number of issues that are of concern for both the 47th Street BID and the businesses operating on the street. In this vein, we spoke with several companies about the street's positive and negative aspects as well as ideas for improvement.

We also conducted a street survey that included people who were touring, shopping, or passing through in order to gain an outsider's perspective on the Diamond District experience. Because our surveyors asked people at random (and also willing to be surveyed) our results include the opinions of 15 respondents who identified themselves as people being employed at a business on 47th Street.

The most common issues identified by the business community and patrons include:

1. Overall appearance
2. Appeal as a tourist destination
3. Presence of street advertisers (also referred to as hawkers)
4. Impact of street closures on business activity and street access
5. International Gem Tower (currently being developed by Extell)

1. Mixed feelings on the physical appearance of the Diamond District

47th Street is an internationally recognized street in the jewelry industry. Jewelers come from around the world to do business on this street, while visitors also come from pockets of the globe to purchase loose stones and finished pieces. There is tremendous wealth in the Diamond District in terms of products sold and yet some feel there is a mismatch between the luxurious feeling of purchasing jewelry and the environment in which these sales occur.

The Pratt Center spoke directly with over 20 business owners and several expressed concern about the overall appearance of the Diamond District. Specifically, owners commented on the lackluster of building facades, exchanges falling into disrepair, prolonged scaffolding, and cracked sidewalks. In addition, some of those interviewed said that the Diamond District should be more heavily marketed as a tourist destination to attract more visitors.

Improving the physical environment of the Diamond District is a priority to the business owners. Given this interest the district should develop a branding strategy that includes implementing physical changes, which would create a holistic feel of "New York City's Diamond District." It should be noted that in the Department of Sanitation quarterly cleanliness review of all BIDs in

New York City, the 47th Street BID has maintained a nearly 100 percent rating in acceptable streets and sidewalks for the past year.²⁰

Most of the retailers are located in ground-floor exchanges, and while they have an established clientele, they also depend heavily on street traffic for business. In particular, businesses located in the windows of the exchange are interested in a consistent flow of pedestrian traffic in order to justify their high monthly rents. Rates for the exchange booths reflect the location: a company occupying a window booth can pay more than \$20,000 per month; while others with booths further back in the exchange may pay anywhere between \$1,000 and \$5,000 per month. Surprisingly, the majority of people we spoke with did not know the square footage of their booths. A few of the owners commented that they are reevaluating their window booths because the decrease in foot traffic along 47th Street no longer justifies the high rent.

In our street survey, Pratt Center also asked people about their opinion on the physical environment of the Diamond District. Questions included the conditions on appearance, cleanliness of the area, available parking for automobiles, personal safety, and the walkability of the street's sidewalks. Over half of the respondents felt positively toward the area's overall appearance, with the majority of shoppers and sightseers finding it easy to walk on the sidewalk. However, roughly one third of the respondents cited the street's cleanliness as "bad" to "awful."

Businesses and survey respondents agree on the need to improve the overall look of the Diamond District. Pratt Center heard several suggestions from business owners about ways in which to improve the district's look. Some of the suggestions included washing the building facades, replacing the sidewalks with a self-cleaning photocatalytic material, adding shimmer to the sidewalks and street, and implementing streetscape design.

Repairs to the streetscape will help the Diamond District to better project the sense of luxury on which this industry stakes its image. In addition, these improvements will reflect investment and a confidence about the role the diamond and jewelry businesses play in both the local economy and as a tourist destination.

2. The Diamond District as a New York City tourist destination

The 47th Street BID and the businesses it represents value tourism. Our conversations with industry leaders revealed that owners throughout the supply chain including manufacturers and wholesalers believe tourism is integral to sales. While the manufacturers and wholesalers are the crux of the economic engine for this industry, they rely on retail customers for product demand. And in considering its location in the heart of midtown Manhattan and neighboring Rockefeller Center, the Diamond District is poised to have a larger presence in the city's tourism marketing efforts.

The district appears to be something of a draw for tourists already. The vast majority of our survey respondents thought the range of merchandise offered on the street is "very good" to "excellent," with over one-third of them typically spending \$1,000 or more. Most important, the respondents said they felt safe while on 47th Street. The BID has taken great strides to increase security in the Diamond District. As noted in the introduction, the BID has developed a

²⁰ "Scorecard". City of New York Department of Sanitation. Q3, 2011.
<http://www.nyc.gov/html/ops/downloads/pdf/scorecard/BID%20Q3%20fy2011.pdf>

comprehensive safety strategy that includes the installation of security cameras along 47th Street, police patrolling the area, and a private guard employed by the BID.

When we asked people why they were visiting the District on that particular day, a quarter of respondents were either shopping or sightseeing and over half of them lived outside of New York City. For our purposes, it appears that this group could be categorized as tourists or engaging in tourist-like activities. While we know that out-of-towners are visiting the district, it appears that referrals from friends and colleagues are the most common way that people learn where to go. Surprisingly, only two people learned about it from a guidebook and just one from the internet. While informal word-of-mouth recommendations are valuable, more could be done to promote the district through more public channels.

The BID has made investments to appeal to tourists primarily through its website, www.diamonddistrict.org. It begins with its welcome message that markets the district, “as the world’s largest shopping district for all sizes and shapes of diamonds and fine jewelry at tremendous prices and value.” It also highlights the location of the district and its close proximity to other tourist attractions including Rockefeller Center, Radio City Music Hall, and the Broadway Theatre District. The BID has dedicated a section of the website to potential visitors and labeled it “Educated Buyer.” In this section, a future shopper can learn shopping tips (including what to know before buying) as well as the Buyer’s Bill of Rights.

Anecdotally, we have heard that visitors can be intimidated when shopping for a piece of jewelry. They feel uneducated about the industry and fear paying too much. To abate some of these consumer fears, the BID, created its Buyer’s Bill of Rights program to inform shoppers about what they are entitled to when buying from or selling to a business located on 47th Street. Information shared includes return policies, pricing advertisements, and hawker avoidance. The site also provides a list of stores that have signed on to the program and agree to abide by its rules. This helps direct shoppers to stores committed to “good business practices” such as adhering to advertised sales prices, listing a clear return policy, and providing itemized receipts for purchases greater than \$75. To raise awareness about the Buyers Bill of Rights, the BID and program members hold an annual dinner with members of the hospitality industry, including hotel representatives. It becomes a networking opportunity to meet with friends as well as prospective clients who will recommend the Diamond District businesses to their customers.²¹

Several of the businesses owners that we spoke with on this issue did seem interested in creating a more welcoming setting for tourists and submitted additional ideas. About one-quarter of the companies said cohesive branding was important and provides an opportunity to promote local products. A couple of owners also suggested that 47th Street should be converted to a pedestrian-only street during the holiday season to encourage shopping. Another owner said the district could emulate Hollywood’s Walk of Stars and honor famous members of industry in a diamond shape on the sidewalk. Some businesses also mentioned interest in establishing a museum that commemorates the industry and potentially showing its relevance today.

The BID is taking the steps that it can to promote the Diamond District to tourists. However, with a limited staff of two people and an already stretched budget, it would require additional support from NYC & Co. If the BID and its board decide that tourism is a priority for the businesses on the street, it should develop a comprehensive strategy to address issues associated with the area’s physical appearance as well as engage in a more formalized marketing campaign. In the

²¹ “BID’s Buyer’s Bill of Rights Program 8th Annual Dinner Event”. *Diamond District Monthly* December, 2010, Vol. 7: front page.

immediate term, it should develop a stronger relationship with NYC & Co., the city's tourism bureau, to build the Diamond District's presence on the city's website .

3. Presence of street advertisers on 47th Street

There is considerable concern amongst the businesses operating on 47th Street regarding the presence of the street advertisers, commonly referred to as hawkers. The street advertisers are usually employed by companies located on both the upper and lower building floors, as well as some storefronts on 47th Street or by those occupying offices on 46th and 48th Streets. They attempt to attract customers by handing out flyers promoting their company's services as well as verbally telling pedestrians that they buy gold and jewelry.

Almost all of the businesses interviewed for this study feel that the advertisers have a negative impact on the Diamond District because they intimidate and harass potential customers, bring down the appearance of the street and takeaway business from storefronts. In addition, many complained that long-time customers will no longer visit them in the district in fear of being harassed by these mobile vendors. As a result, jewelers must leave their storefront and travel to a location outside of the district to meet their customer, while carrying an expensive piece of jewelry or loose diamonds. This creates several security issues for the jeweler and also puts them at a disadvantage because they are not operating in their typical business environment.

The Pratt Center spoke with some of the visitors on 47th Street to get their opinion on the presence and effects of the street advertisers in the Diamond District. Our survey revealed that they may not be having as damaging to the local businesses (specifically retailers) as perceived by business owners.

One of the survey questions inquired if people accepted the flyers handed to them by the street advertisers. Over half of the respondents reported that they do not. And 85 percent of the people who do take the flyers said it did not influence their choice of store. In addition, 70 percent of those surveyed responded that a street advertiser has never influenced their choice in stores. Most importantly, of the visitors that spend on average \$1,000 or more in the Diamond District, 74 percent are not influenced by street advertisers in terms of store selection.

While the street advertisers may not be primarily responsible for consumer choices, respondents did report them having a negative presence on the streetscape. Just under half of those surveyed felt that the on-street advertising is "hurtful" to the mood of the Diamond District and contributes to the area's "uncleanliness." One-third of respondents also said they believed this sales tactic is hurtful to the overall reputation of the Diamond District.

BID members have gone to great lengths to try and bar the street advertisers from 47th Street. In a public effort, businesses have appealed to a number of officials including federal and state representatives as well as the city's police department. Together they offered suggestions such as privatizing the sidewalks (in which the BID would assume responsibility), creating a "no peddling zone," and requiring street advertisers to obtain a permit. A few years back, they held a legislative breakfast attended by city officials and showed a video they had produced to illustrate what pedestrians and other visitors experience on the street as a result of these advertisers. To date, businesses report they have had no help from the city on this issue.

The BID board has reached out to various building owners asking them to include a “no hawking” clause in their tenant lease agreements. It appears in some instances, landlords are not enforcing the clause when a tenant is noncompliant. This may be attributable to two factors 1) the landlord is truly not concerned about tenants engaging in this activity and/or 2) some landlords who are struggling to keep their vacancy rates low are willing to rent to anyone. Finally, this strategy only pertains to the buildings within the district and does not reach businesses on either West 46th or West 48th Streets.

Neighborhoods throughout Manhattan, including SoHo, downtown, and Times Square, have encountered similar issues concerning street advertising. Our research confirmed that at this time there is no legal precedent that would allow the City of New York to bar street advertisers from operating on 47th Street. Street vendors that are physically selling goods on the street are required to have permit from the city’s Department of Consumer Affairs. However, a legally operating business that is simply handing out flyers is protected under the 1st Amendment of the U.S. Constitution. In some limited instances—i.e. no hand billing within 100 feet of a polling place or no demonstrations within 25 feet of a medical facility — restrictions could be enforced such as speech activities which are adjacent to sensitive facilities. Other than that, leafleting on a city street is permitted.²²

In order to find a resolution, we suggest that the 47th Street BID Board engage the business whom it knows hires the street advertisers. The BID may want to consider sharing the results of this survey with these employers. Street advertisers may be earning a salary by the number of flyers each distributes per day. If so, there are a very small number of people who actually accept a flyer and are also persuaded to do business with a company associated with this kind of promotion.

4. Impact of street closures on business activity and street access

Thousands of events are held in the City of New York every year ranging from street fairs to festivals to annual parades. These events attract large pedestrian crowds of participants and onlookers alike. Almost half of the businesses that we interviewed reported that annual parades in particular present a hardship for the district’s businesses. Several of the city’s largest processions travel on either Fifth Avenue or Avenue of the Americas and pass by 47th Street. As a result, the street is typically closed, thereby significantly decreasing the number of patrons visiting the retail stores and exchanges.

A scan of the seasonal parade schedule for New York City showed that there are at minimum five major annual parades occurring during the work week with routes on either side of the Diamond District. The parades that have the most significant effect on 47th Street are St. Patrick’s Day in March and Columbus Day in October, because participants line up in the middle of 47th Street.

Pratt Center sent a representative to attend this year’s St. Patrick’s Day parade in order to get a sense of effect that the festivities had on the Diamond District. This parade is especially challenging for the local businesses because the city uses 47th Street as a staging area for a majority of the parade marchers. Therefore access to the street is extremely limited. Most of the pedestrians headed east of 5th avenue are able to walk on 47th Street, but the street is closed to those going from 5th to 6th Avenues. According to our representative, several businesses closed and the exchanges that were open were essentially blocked. The foot traffic greatly decreased and there were few if any tourists during this time due to the closures. The streets was completely

²² Gora, Joe M. (Professor) Brooklyn Law School. September 20, 2010

closed to traffic, forcing armored truck delivery people to park elsewhere and bring very high value packages in manually on a hand truck creating a major security concern. Due to the extreme high value of goods located on and delivered daily to 47th Street between 5th and 6th Avenues it is our recommendation that the staging area for The St. Patrick's Day parade in March and the Columbus Day parade in October be moved off of 47th Street between 5th and 6th Avenues.

The business' frustration with this kind of disruption is understandable. Tourists are highly unlikely to shop in the district on these days, it is extremely difficult to receive high value packages, and traveling with diamonds is much more dangerous for couriers. Businesses would like 47th Street to be removed from any involvement in the production of the two parades—thereby keeping the street accessible to pedestrians and more secure during these events.

5. New International Gem Tower on 47th Street

In the spring of 2009, Mayor Bloomberg and Extell Development Company jointly announced the commencement of first phase of construction on the International Gem Tower. The new building to be constructed at 50 W 47th Street will be a 748,000 square foot, 34-story tower, with condominium units. It was designed by Skidmore Owings & Merrill and will be constructed by the Tishman Construction Company at a total projected cost of \$700 million. According to the developer, the development could qualify for public funds if 85 percent of the building is filled with diamond and jewelry industry-related occupants and 50 percent with businesses that are either new to or expanding in the city.²³

The new construction represents a significant investment in both the block as well as the industry. This new building may help to improve the appearance of the Diamond District and potentially persuade other owners to make upgrades to their own buildings in order to remain competitive and desirable to tenants. The BID and its constituents should consider exploring funding opportunities for a collective façade improvement.

²³ "Mayor Bloomberg and Extell Development Company Announce First Phase of Construction of International Gem Tower." Tishman Construction Company. May 19, 2009. Web April 8, 2011. <http://www.tishmanconstruction.com/index.php?q=node/831>

IV. Workforce Development and Training Needs and Opportunities

New York City's diamond and jewelry industry is internationally respected for product quality and craftsmanship. The reputation still holds with many of today's workers having dedicated their lives to this business, transferring the skills they learned in their home country to the American marketplace.

On the whole, New York City diamond and jewelry businesses are family-owned companies with multiple generations working together and carrying on the tradition. Many of their employees have been with the company for no less than five years, and in the majority of instances, for their entire careers.²⁴ However, these workers are now aging and entering into retirement. The average age of an industry worker is 44 years old, four years older than the city's average.²⁵ However, the retirement age in this industry tends to be later than others because there are less physical demands in operating a booth in an exchange.

Our discussions with the local businesses revealed two significant points that will impact the future of New York City's diamond and jewelry industry:

- 1) Most companies in the Diamond District hire employees through their own professional networks and are uninterested in hiring students from nearby schools and organizations with jewelry programs for internship or apprenticeship positions. This limits the number of entrants into the workforce who could replenish workers as they retire.

In general, the small businesses making up the local diamond and jewelry industry are proud of their long-term employee retention rates and the familial-like setting of day-to-day operations. Only one company out of 26 interviewed currently employs recent graduates from a nearby jewelry program. The others reported concerns related to trust and safety and also were generally uncomfortable with the thought of hiring strangers to learn the business. Owners also reported a preference for hiring people with several years of experience versus an entry-level employee.

- 2) On the whole, companies are not planning for succession and thus do not have a plan for their business after their own retirement.

For New York City's diamond and jewelry industry to remain strong and vibrant, it will need an influx of new workers, the next generation of young people to move the industry forward and continue to compete in global markets. Companies have not expressed a concern about finding qualified employees. A business owner commented that industry people are happy when young workers come into the trade as it is a sign that the tradition of this industry will carry on. However, the traditional succession of these companies which has been for the next generation to take over the family business is occurring less frequently. Several business owners have encouraged their children to seek out other professions, leaving the future management of the company in question.

²⁴ Pratt Center, Industry Interviews conducted in November-March, 2011.

²⁵ Fiscal Policy Institute. Pp11, March, 2011.

The industry should consider expanding its network to include area schools and training programs as a source for new workers. All facets of the industry are complex; the knowledge and skill required takes a significant amount of time and repetition to master and ensure quality. In particular, skills to manufacture diamonds (i.e. cutting and polishing) or high-end jewelry (i.e. setting) take years to master. The nature of the business requires practice and repetition as well as an exactness to ensure the quality of which New York City has made its niche. Thus exploring new labor pools may be initially uncomfortable for the industry. Yet it is an opportunity to supplement its workforce that may not be as strong in the near future given its current aging demographic combined with the trend away from generational take overs.

There is a clear nexus between economic development and education. Industries including apparel have worked with area schools in both teaching and training capacities as well as taken on recent graduates to meet their employment needs. Local diamond and jewelry businesses can do the same by linking with various academic and vocational jewelry programs to influence training and potentially secure a future workforce.

We researched educational programs in the New York metro area that are dedicated to the diamond and jewelry industry. Our goals were two-fold: 1) to gain a clearer understanding of the educational landscape available to students of diamonds and jewelry and 2) to identify potential opportunities for collaboration between the educational programs and the businesses operating in and around the Diamond District.

The resulting list of schools includes entities offering traditional college degrees (including art and design programs) as well as those specializing in vocational training opportunities. In conducting this scan we also attempted to spot gaps within the training programs—which skills are not being taught but are needed by local industry.

Our interviews with program administrators sought to clarify the range of approaches to training jewelers for New York City and the relationship between training programs and the city's diamond and jewelry industry. In addition we developed an overview of each program that included the following details:

1. Focus of the courses in the degree or training program;
2. Demographics of the matriculated student body;
3. Cost and program duration; and
4. Future employment options that may lead students to the Diamond District.

The 47th Street BID expressed interest in establishing its own training program for the local industry. This would diversify the organization's services as well as allow it to maintain autonomy of the training opportunities it offers for the area's workers. If the BID decides to pursue this strategy, the Pratt Center strongly recommends that the organization and its board undertake a thorough evaluation process. This would include conducting a demand study for the training services to be offered as well as develop a business plan that would assess the BID's capacity including the availability of physical space, additional staffing required to undertake such an endeavor, and the impact on the BID's cash flow given the long lead time often required of City or State contracts. There is a significant distinction between organizations that engage in project management activities (this is reflective of the BID's current function) and those that provide direct training services. Establishing a training program is a highly technical and time-consuming project, one in which the BID should consider with the utmost caution.

A third hybrid option would be for the BID to partner more closely with one of the existing training providers. This might allow the BID to achieve its institutional objectives of diversifying its funding and ensuring that graduates meet BID standards, thereby avoiding the need for duplicative training capacity. The BID should also further research the possibility of partnering with one or two of the local schools and apply collectively for funding to establish its training program. The BID would serve as the contract manager and subcontract with its partnering schools to develop a training curriculum to meet the needs of existing and incoming workers.

New workers are being trained and could be qualified for jobs in New York City’s diamond and jewelry industry

Our research identified eight educational institutions in and around New York City with programs dedicated to diamond and jewelry education, with skills training of varying intensity and sophistication. The majority of these programs offer a variety of specializations that may include jewelry design, jewelry manufacturing, or business administration for those interested in opening their own studios. Some are traditional degree programs offering a bachelors and/or masters of fine arts. Others are vocational, for students looking to obtain jewelry making skills that would prepare them for a position in the commercial industry. In the end, we found an untapped resource of new workers who are developing skills to meet the needs of today’s industry.

The following table lists the schools and organizations in the New York metro area (with exception to Rhode Island School of Design) offering a degree, certification, or general training in the diamond and jewelry field. This is not an exhaustive list. In addition to these institutional programs, prospective jewelers seeking to develop their own lines can receive training in studio settings in Manhattan and elsewhere.

Table 13 New York City Metro Educational and Training Programs

School	Degree / Certification	Program Duration	Costs	Number of Graduates (Annually)*
Emphasis on specific skills training for local industry				
Fashion Institute of Technology (FIT)	Associate of Applied Science	2 years	\$10,428 in-state \$25,284 out-of-state	40 for New York City
Gemological Institute of America (GIA)	Graduate Gemologist	780 hours (6 months)	\$19-20,000	11**
Studio Jewelers Ltd.	Certificate of Comprehensive Jewelry Training	720 hours (24 weeks)	\$7,800	75-110
Vocational training for entrepreneurs and hobbyists				
92nd Street Y	No degree, adult education only	60 sections on 20 topics	\$270 per 2.5 hours 7 weeks / topic	Serves 600 students per week, 3 semesters per year
Jewelry Arts Institute	No degree, adult education only	Project-oriented classes only	\$630 for 3 hours / week for 9 weeks	Serves 125-200 students per semester. 3 semesters per year

School	Degree / Certification	Program Duration	Costs	Number of Graduates (Annually)*
Liberal Arts Education with Some Skills Training				
Pratt Institute	Bachelors of Fine Arts (BFA)	3 years after foundation year	\$123,090 (3 years)	11 seniors / year
Rhode Island School of Design (RISD)	BFA / MFA	3 years after foundation year	\$126,000 (3 years)	12 seniors (BFA) 6 MFA
SUNY New Paltz	BFA / MFA	3 years that include metal courses	\$14,910 in-state \$40,140 out-of-state	6 MFS
*Unless otherwise notes.				
**6 from diamonds and 5 from colored stones.				

Emphasis on specific skills training for local industry

Programs at Fashion Institute of Technology (FIT), Gemological Institute of America (GIA), and Studio Jewelers Ltd are designed for students seeking to develop manufacturing skills that will directly transfer to a job within the industry such as casting, mold making, and gem grading. See **Appendix D for in-depth descriptions on the schools and training programs.**

Vocational training for entrepreneurs and hobbyists

The 92nd Street Y and Jewelry Arts Institute are the largest jewelry skills programs in New York City. Both schools serve a tri-state constituency of hobbyists and more career-oriented students who are interested in acquiring or increasing specific skills they need to open their own studio or develop a line of jewelry. See **Appendix D for in-depth descriptions on the schools and training programs.**

Liberal Arts Education with Some Skills Training

Pratt Institute, Rhode Island School of Design, and SUNY New Paltz jewelry programs offer students a liberal and fine arts foundation while incorporating craft and bench skills. All three programs offer a Bachelor’s of Fine Arts, but RISD and SUNY also have masters programs. RISD and SUNY’s MFA programs are very small, each with only six students, and are designed to prepare them for intellectual and artistic leadership rather than commercial or even studio success. See **Appendix D for in-depth descriptions on the schools and training programs.**

Student demographics confirms the growing diversity of the jewelry industry

The student demographics of New York City’s jewelry programs resemble the demographics of the local diamond and jewelry workforce. While the data provided on students by the various programs was not uniform across the board, it did reveal a racially diverse, female -dominated student body, between 67 and 85 percent women. Students’ cultural background and/or country of origin point to an even more culturally diverse future workforce. Half of the students currently enrolled in Pratt Institute’s jewelry courses are from Korea and two are African American. At FIT, there are more non-resident students than American Asian or African American. Twenty percent of the students enrolled in courses at the Studio Jewelers Ltd are from Asia, Europe, and

Latin America. Home countries include Japan, Taiwan, Korea, Mexico, Hungary, Venezuela, Colombia, and Peru.

Table 14 summarizes the student body demographics and female representation in each of the respective programs.

Table 14 Student Body Demographics by Program

Program	Student Body Demographics	Female Representation
Fashion Institute of Technology	More non-resident aliens than American Asian or African American students Black, Asian, Non-Resident Aliens and Latinos range from 7.3 to 13.78%	85%
Gemological Institute of America	Data Unavailable	Women are the majority in the core coursework (except for graduate diamonds)
Pratt Institute	BFA class of 13 is half Korean and includes two African American students	Data unavailable
Rhode Island School of Design	Student body is 23% of color and 17% international	67%
Studio Jewelers Ltd	20% of students are from Asia, Europe, Latin America	85%
SUNY-New Paltz	4% is Asian/Pacific Islander 7.5% is African American 10% is Latino 1% international	75%
Jewelry Arts Institute	Data unavailable	Data unavailable
92nd Street Y	Data unavailable	Data unavailable

Opportunities to bridge the gap between schools and New York City’s diamond and jewelry industry

A diverse industry with multiple roles and niches creates a wider, more established network of businesses that can better respond to industry trends and weather the negative impacts that result from economic downturns. Each year, hundreds of students enroll in educational programs to learn professional expertise needed for the diamond and jewelry industry in the New York City metro area. They are developing skills required to compete in today’s market such as design (CAD/CAM), bench techniques, and business acumen. Students are using their training to secure jobs in a variety of locales— academia, galleries, studios, small retailers (resembling those in the Diamond District), and larger corporate entities including Tiffany & Co. Unfortunately, there is

currently no formalized relationship between these schools and industry through which to place students and/or recent graduates in local internship or professional positions.

Recent program graduates and interns may well be an underutilized source of new hires for the diamond and jewelry industry. However, the Diamond District's industry culture is to still rely upon colleague referrals when searching for employees. This helps to quell concerns about trust and security issues. In addition, companies are more often looking for experienced workers. According to one business owner, there has been a shift away from training new workers via apprenticeships to now only hiring seasoned workers. Apprenticeships were once common in the industry as business owners viewed such trainings as an investment not only in their company, but also for the industry as a whole. Students and recent graduates may now find it difficult to secure an internship, apprenticeship or a permanent position in the local industry without extensive experience or network connections.

Conversely, larger commercial firms tend to be more open to employing recent graduates in various positions. Some of the skill sets may vary slightly in that these firms hire in departments including marketing, sales, and research. Yet these firms also seek candidates with bench skills to work in production. Sectors across the board invest in training and internship programs in order to maintain a steady flow of entrants into their workforce. New York City is a particular hot spot as the competitive nature creates a greater labor pool of talented and qualified workers. The industry should consider this option.

There are several opportunities for the 47th Street BID or another industry organization to collaborate with area schools and training programs to strengthen the future of the diamond and jewelry industry.

1. Formalize an Internship-Apprenticeship Program

Diamonds and jewelry is a complicated industry in the breadth of knowledge and skills required for success. Manufacturers, wholesalers, retailers, and other actors have developed knowledge bases from years of experience and training, each with their own nuances. Developing a worker's skill in any part of the industry takes time, patience, and commitment from both sides of the table. Students can learn history, theory, design skills and entry-level bench capabilities at the universities or training schools. However, all of the administrators interviewed for this study agree that no student graduates with professional-level skills. As one put it, "You can have an MFA, but you have to work for someone by the hour to get your skills." Another echoed, "We teach the techniques necessary for employment...lots of instruction, lots of support.... But both levels require some investment from the employer."

The vast majority of training programs surveyed (with the exception of the GIA and RISD) do not have a strategy in place to move students and graduates into internships or entry-level positions where their skills could be honed. Most people seemed to work their personal networks and respond to occasional calls from employers looking to fill a vacancy. FIT, well known for its internships in the garment industry, is just beginning to build institutional contacts for its Jewelry Design program. Many GIA students take courses as part of their current employment but the institute also has an active alumni network and posts jobs on its website. Several administrators confirmed that they would like to see an industry-sponsored program that integrates new workers into industry.

The local businesses that do take on interns have designed their programs to be competitive among applicants to ensure they are attracting capable people with talent and dedication. Once the person has completed the internship, they have a very good chance of being hired full time once their internship is complete. One designer from a well-established firm takes on 30 recently graduated interns for the summer every year and told us, “I tell people I run the biggest master class in town.” This same firm hires “99 percent” of the interns.

The New York State Department of Labor has approved apprenticeship programs and offers several benefits to employers who participate. This program could be used to promote the hiring of trainees as it will cost share in wages and offers tax credits to participants. Currently, the state is offering to certify a 39 month Jeweler (Hand Made) apprenticeship program.²⁶ Employer benefits include:

- Eligibility to pay apprentice wages (usually 40 to 50 percent of journey worker wages);
- Exemption from overtime rates for class time; and
- Access to tax credits for participating in various workforce initiatives.

2. Partner to Influence and Expand Training Opportunities

Our discussions with program administrators resulted in various opportunities for collaboration for the 47th Street BID or another industry organization.

GIA New York has plans to relocate its operations and laboratory to the International Gem Tower being developed by Extell in the Diamond District. This will potentially permit GIA additional space to expand its course offerings to include bench skills, which are currently only available at GIA’s California location.

The 92nd Street Y’s Jewelry Center is interested in partnering with industry to offer a certificate or apprenticeship program. This would be mutually beneficial since the program would attract a new set of students, while expanding the pool of people developing the skills needed by the commercial end of the diamond and jewelry industry.

FIT expressed interest in exploring the option of offering stone cutting/lapidary courses.

We spoke with a few manufacturers who expressed interest in maintaining if not growing the number of diamond cutters; some have estimated that there may be 100 to 200 cutters remaining in New York City. Diamond cutting serves as an anchor to the local industry as it ensures new product will be flowing into the market. As previously noted, a significant portion of this activity has been exported overseas. Mining companies have also committed to training people native to the country of which the diamonds are mined.

The Pratt Center and its project partners explored the option of expanding the number of diamond cutting operations in the district. However, as a result of the market influences listed above, further research would need to be conducted in order to determine its feasibility.

²⁶ New York State Department of Labor. “Alphabetical List of Apprenticiable Occupations”. <http://www.labor.ny.gov/apprenticeship/general/occupations.shtml> Date accessed: 3/28/11.

3. Industry Should Participate in Peer Reviews

Industry's involvement in designer-in-residence programs, participation in portfolio days, and sponsoring or judging design competitions or student shows provides opportunities to establish new relationships and expand the workforce pipeline. Peer evaluation and feedback holds great value in a student's professional development. Having more of a presence in the educational phase gives industry members an opportunity to help shape what is being taught to future workers.

The Diamond District could attract additional visitors and users by inviting students to show their work in a temporary space within the district. It is a relationship-building exercise that would break down some of the perceptions to show that commercial industry is not as insular and open to expanding its network of people and businesses.

4. Contribute Financial and In-Kind Resources

Schools and training programs have limited resources to offer students financial assistance and other enticements to enroll. In an effort to establish a stronger connection between industry and students, the 47th Street BID along with city and state government should explore opportunities and strategies through which to offer either financial or in-kind support to organizations training the next generation of the industry.

Industry scholarships are an obvious strategy for strengthening the relationship, but the BID's financial situation makes this option relatively unlikely. FIT who is one of the highest profile suppliers of trained designers /artisans to the industry is only able to offer one scholarship. Pratt Institute and RISD also expressed interest in establishing a scholarship program to students.

Another strategy would be to gather a series of in-kind offerings for nearby schools. Such items may include supplies and materials, guest lecturers and workshops by professionals, or even an annual award to be bestowed upon a student such as the "Diamond District Future Jeweler" award. These efforts would be significant to students who have little contact with future employers and colleagues. In fact, one program director raises modest but important cash and gift certificates for graduation recognition awards in an effort to raise the profile of donating firms with the school's students.

V. Recommendations

1. Update the physical appearance of the Diamond District and create a distinctive identity

The physical appearance of 47th Street lacks a cohesive presence that signifies it is a special district that sells high-end goods. Diamonds and jewelry invoke a sense of luxury and hold great personal value to their owners. The district's appearance should reinforce the industry's image and "messaging" to potential consumers that they are about to have a positive and memorable experience. Currently, the street lacks unified streetscape design elements and appears to be poorly maintained. The physical condition of a majority of the buildings does not reflect the products being sold within them. Some of the buildings' interiors could also be updated to provide a fresher and more inviting look.

There are several measures that could be taken to refresh the block and draw more focus toward the Diamond District. The BID has expressed interest in obtaining capital funding to clean the building façades and improve the streetscape. In addition it has already begun to explore a plan that would reconstruct the sidewalks with a photocatalytic material that is self-cleaning and will ensure a crisper appearance. Business owners interviewed for this study made a number of suggestions, including implementing a set of façade design guidelines to create a consistent look and feel. This could include façade improvements, adding a shimmer to the sidewalk, or creating the district's own version of Hollywood's Walk of Stars. A few also thought the street should become pedestrian-only during certain times of year, such as the holiday season, to make a more festive shopping environment that draws people to the shops. Improved and increased signage is incredibly important to ensure people know they are in fact in the city's Diamond District.

The Pratt Center recommends that the BID and its constituents develop a long-term plan for the Diamond District's streetscape. This could consist of several strategies aimed at improving the physical appearance of the street in order to develop an area that is desirable to tourists and businesspeople alike. A formalized plan would provide the BID with a living document that could be used to secure capital funding for the planned initiatives.

2. Promote the Diamond District as a tourist destination

New York City's diamond and jewelry industry has earned international recognition among those working in luxury goods and jewelry products. According to several business owners operating on 47th Street, the district used to have a significantly higher level of foot traffic than it does today. The ability to purchase goods over the internet, a declining streetscape, the suburbanization of jewelry retailing, and a lack of promotion around the district are all factors that have led to a smaller number of daily visitors. Several business owners also reported that customers no longer wish to visit their exchanges on account of the presence of street advertisers on 47th Street. Locally, people know to go to 47th Street when shopping for a special piece of jewelry. Nonetheless, more people could be passing through the Diamond District and buying merchandise.

The 47th Street BID has made great strides in marketing the block both directly to tourists and to tourist-oriented industries, including New York City's hospitality businesses. It developed a website that appeals to visitors by creating a sense of buyer confidence and security. However,

the District's presence as a tourist destination could be quickly elevated through a partnership with NYC & Co., the city's tourism bureau, as well as ILOVENY, New York State's tourism body. Neither entity currently promotes the Diamond District effectively.

Several opportunities exist to increase the visibility of the district, and as one business owner put it, to promote "the jewel of the city." Such strategies include adding the Diamond District to NYC & Co.'s "Top Attraction" list. The site's language describing the district needs to be revised to make it more appealing to visitors. The city should incorporate the Diamond District into its advertising materials used in the transit systems e.g. ads in subway cars, on station platforms, and at the 47-50th Street station entrance/exit. By co-branding the Rockefeller Center subway stop and renaming the station Rockefeller Center / Diamond District it would significantly increase pedestrian and tourist traffic. Finally, the Diamond District could become a tourist bus destination, offering visitors a chance to stop and shop on the street.

The state's ILOVENY site does not currently list any information about the diamond and jewelry sector. The BID could work with this department to develop its identity and role at a statewide tourist attraction. Greater promotion of the Diamond District will most likely increase the foot traffic on 47th Street and the potential for more sales for local businesses.

3. Explore additional market niches for new business models

The nature of New York City's diamond and jewelry industry has changed. The majority of manufacturing operations have moved offshore, leaving primarily local wholesale and retail businesses. High quality diamonds are still manufactured locally—a market niche which has been occupied by New York City businesses for decades. In addition, much of the global industry moved from small company identities and focused more on brand development, especially in retail for national brands. Despite these trends, we recommend that the City continue to develop strategies that retain if not grow local manufacturing operations. It may also consider thinking beyond existing subsectors to explore new products and business models that would add to the industry.

One option is to develop secondary markets to resell finished jewelry. Some of this product is coming back into the market as jewelry owners seek extra cash to pay for life's expenses, such as higher education and retirement. We spoke with an industry member who is currently tendering polished diamonds and selling them in silent auctions and pawn shops. He is having great success in tapping back into the market of existing products to generate revenue.

The retention of traditional industry as we know it—the manufacturing, wholesaling and retailing of diamonds and jewelry—is important as an anchor for the City of New York. Yet the industry may find additional success and greater stability by diversifying itself and developing business models for new product lines and secondary markets. There are local wholesalers and other industry people already involved in various aspects of these markets. The BID or another local industry group should consider hosting a roundtable and invite those already working in these markets to explore opportunities to expand here in New York.

4. Collaborate with area universities and training programs

New York City’s diamond and jewelry businesses employ people with a high level of skill and knowledge about the industry. Many of these employees immigrated to the U.S. from around the world and brought their skills and experience with them. As with other manufacturing subsectors, globalization has shifted the diamond and jewelry industry from a manufacturing focus to a primary orientation toward wholesale and retail sales. As a result, production skills and knowledge have become diluted and many in the manufacturing workforce are “aging out” without a robust new generation of skilled workers taking their places. Fortunately, educational and training programs in and around the New York are preparing students for positions in the industry. The programs vary greatly and span jewelry design, production, and overall business development and management. However, this study reveals that currently the training programs and the businesses are not engaged in a mutually beneficial relationship.

Currently, there is little formalized structure to connect students interested in working in the diamond and jewelry industries with businesses willing to offer internship and/or apprenticeship positions. Local firms are hesitant to take on new, young employees because of the great security risk that comes with new employees. In addition, many are also looking for employees with substantial experience in the industry. Typically new hires are based on referral and personal connections, precluding access to new talent. By strengthening its relationship with area schools and training programs, the diamond and jewelry industry would be better positioned to promote the jobs it offers and to attract the next generation of workers. New workers would help to replenish the industry’s employment base as well as enable the industry to adapt to new trends, develop new business models, and maintain its global competitiveness.

Interviews with educators and administrators at New York–area design schools and industry training organizations indicate that they are interested in developing stronger ties to the Diamond District and its businesses. They recognize that better ties to the industry will give them a clearer understanding about industry needs and ensure they are designing their training and education programs to suit the industry. They also see that stronger ties could provide students with a pipeline for professional development. A more accessible commercial sector combined with students better equipped to meet industry needs are key factors in the future success of the local diamond and jewelry industry.

5. Seek out remediation strategies to manage street advertisers

Throughout the District, many businesses promote themselves by hiring street advertisers — commonly referred to as “hawkers” —to hand out flyers and persuade potential customers to visit their offices. On any given day, 20 to 25 of these mobile advertisers hand out leaflets to pedestrians in the district and market their employers’ services, predominantly the buying and selling of gold. Customers occasionally follow the street advertiser to an office on or near 47th Street to conduct business. The increase in gold’s value has created a lucrative secondary market in which these businesses are trying to compete.

In our interviews with long-time business owners and managers operating on and around 47th Street, the majority said that they are extremely unhappy with the presence of street advertisers in the district. Business and property owners feel they create security concerns, conflict with the image and reputation that the majority of the businesses are trying to convey, and, most importantly, deter customers from shopping.

The 47th Street BID as well as several individual businesses have attempted to resolve the issue in a number of ways, such as reaching out to elected officials to bring attention to the negative impacts of the advertisers, producing a film illustrating the advertisers pestering pedestrians, and attempting to privatize the district's sidewalks. However, these efforts have had little effect on the presence of street advertising in the district, and to date there has been no resolution to this conflict.

The controversy surrounding hawkers presents a complex legal issue, given the constitutional protections afforded to commercial speech. Legal experts say it is unlikely that the City could regulate the advertising practices of businesses that are legally operating within the district. Therefore, the BID and its constituents need to identify other approaches to address the issue.

The consumer survey and follow-up interviews conducted by Pratt Center suggest that hawkers do not have a significant impact on shoppers' store choices. The BID could use this information to make the case to businesses employing street advertisers that this is not as effective strategy to attract customers because on the whole, they do not persuade the consumers to visit a particular business. The interviews also suggest that the hawkers undermine the appearance of the District which hurts the industry in general. One could make the case that those who employ street hawkers do find some utility in their services. However, there are other methods for marketing.

According to the BID, it has reached out to some of the firms that employ street advertisers to address concerns regarding their presence on 47th Street. To date, the organization has been unable to establish a dialogue with these business owners. Pratt Center recommends that the BID continue to try and engage these parties to explore additional strategies in which to market their companies, aside from using a street advertiser. Diplomacy will be critical to these discussions in finding common ground and working toward a mediated solution. In addition, the BID should also continue its follow up with building landlords whose tenants engage in hawking activities. Several building landlords on 47th Street have a "no hawking" clause in their tenant leases. This clause forbids tenants to employ hawkers; however, it seems that some landlords do not follow through with this rule. In the BID's discussions with building landlords, it should encourage them to enforce the "no hawking" clauses in their leases and make the case for how a unified policy can benefit the street as a whole.

The Pratt Center anticipates that if the physical environment of the district is updated and improved, street advertisers are likely to be less prevalent an issue. As is seen in other commercial corridors, once signs of investment in the physical environment emerge, behaviors among business owners and shoppers tend to change for the better.

6. Expand the Capacity of 47th Street BID

The business owners that participated in this study commonly agreed that the 47th Street BID has accomplished a great deal and they are happy with the results. In particular, constituents are pleased with the increased security on the streets, including the installation of cameras along 47th Street and the addition of a dedicated police officer patrolling the district. The BID has two staff, the executive director and his assistant. Much of the organization's time is spent responding to day-to-day business concerns (both organizationally and from tenants), planning educational and networking events, coordinating the monthly newsletter, and managing its various projects and initiatives.

The BID is understaffed in comparison to others of its size and especially considering its ambitions for the district, which include coordinating improvements and repairs to the physical environment, developing training programs for the industry's workforce, and strengthening its relationship with the city. In addition, the recommendations made in this report would become additional projects for the BID, requiring greater staff capacity. While the organization has support from its business owners, it needs additional staff to help manage day-to-day tasks and execute projects.

The Pratt Center recommends the BID look for new partners outside the district to provide additional sources of support. For example, the BID could create a formalized internship program and appeal to graduate students interested in economic development, the jewelry industry, business administration, or marketing and promotions. In many instances, schools will provide credits for internships or even a small stipend.

New York City's diamond and jewelry businesses contribute considerably to both the local and state economies as measured by revenue and job creation. The industry is a part of the City's creative economy and supplies goods and services to other creative industries, including fashion and entertainment. In order to increase its competitiveness, the industry will need to work with government agencies and other partners to expand its product markets, train the next generation of workers, and play a greater role in New York City's tourism industry. This set of strategies will significantly impact the long-term viability and prosperity of one of New York's most distinguished industries.

Appendix A: Methodology

The Pratt Center and its project partners utilized an assortment of research tools to support the data collection, analysis, and writing of this report. Such tools included economic models, intercept surveys, industry interviews of diamond and jewelry businesses as well as academic and training administrators. We also visited the Diamond District on several occasions to conduct the surveys and interviews as well as develop a perspective of life on 47th Street.

The economic research and economic impact analysis for this report was prepared by economists at the Fiscal Policy Institute, and included a comprehensive review of all available published government economic and employment data on the industry. We applied the IMPLAN regional input-output model to assess the economic impact of the diamond and jewelry sector. The model was updated for the latest technical coefficients for New York for 2008, with adjustments to approximate 2009 industry conditions. IMPLAN starts with the nationally compiled information from the Bureau of Economic Affairs about the amount of inputs (goods and services) industries purchase from each other per dollar of output. It then uses Gross Domestic Product by State data and the Quarterly Census of Employment and Wages to establish a Regional Input-Output model for the selected area (in this case, New York City). For each industry, it uses local industry output and technical production information to estimate how much of its supplies it purchases locally from each supplier industry (inputs), as well as associated employment levels.

The consumer intercept survey was conducted on 47th Street. Project team members stopped visitors as they were walking to ask them a predetermined set of questions regarding their shopping behavior, perceptions of the street and their spending decisions. Surveyors were in the district at a minimum of four times at different parts of the week and time of day to ensure a variety of responses.

A significant amount of Pratt Center's data collection came from interviews with the business owners located on and around 47th Street. We visited people at their place of business to ask them in-depth questions related to the nature of their business and, its history and future, as well as their opinion on ways to improve both the utility and appearance of the Diamond District. We gathered a significant amount of information on current workforce and company structure. With the assistance of the 47th Street BID and its Board, we were able to speak with a range of firm types ranging from manufacturing, wholesaling to retail. In addition we were also able to have contact with building owners and landlords as well as other industry members who are not located on the block but find great value in its existence.

Pratt Center also visited the district in order to gain a clearer understanding of the impacts that parades and subsequent street closing have on operating businesses. Our time on 47th Street was invaluable to informing this report and recommendations.

Appendix B: Industry Member Survey

Diamond District Industry Member Interviews

Interview Date: Company Name: Interviewee: Position Held Address

Company Background

- When was your company started?
- Do you or have you held locations in any other part of the city?
If so, where?
- Do you rent or own your space?

	x	How much space do you occupy (sq ft. /floors)	Avg rent / month paid / charged	How many tenants are in the building?	Types of business are in the building
Rent					
Own					

- What is the primary nature of your business? (How do you classify yourself?)

	%
Manufacturer	
Wholesaler	
Retailer	

- How do you report you company to the economic census? (circle one)
 Manufacturer Wholesaler Retailer

Supply Chain and Processing

Manufacturing

- What do you make? (Jewelry, parts)
- And what kinds of materials are used to make them?
- Where are your top three suppliers located?
- On average, how often do you order materials?
- Can you describe one or two of your manufacturing processes?
- Who do you sell your jewelry to? (Wholesalers, retailers, etc.)
- Where are your top three customers located? (DD, NYC, domestic, intrn'l)

Wholesale

1. What do you sell? (materials, jewelry)
2. Who do you sell to? (manufacturers, wholesalers, retailers)
3. Where are your top three suppliers located? (DD, NYC, domestic, intr'n'l)
4. On average, how often do you order materials?

Retailer

1. What do you sell?
2. Where are your top three customers located?
3. Are tourists valuable to your business?
4. Where are your top three suppliers located?

Workforce Development

1. How many people do you currently employ?
Full time: Part time:
2. Do you hire interns?
3. What is the gender breakdown of your employees?
Males___ Females___`
4. What is the age range of your employees?
5. Average age?
6. What are the cultural backgrounds of your employees?
7. On average, how long does an employee stay at your company?
8. What are the job titles of your employees?

Position	Skill Requirements	Local Training Program (Name)	Certification? (type)

9. How many people on your staff perform manufacturing or repair services?
10. From where do you typically hire people?
11. Do you offer on-the-job training?

Marketing

1. What are the benefits to being located on 47th Street?

2. Do you think tourism is important to the industry?
3. How do you advertise your company to promote its products/services?

X all that apply

Print

Magazine _____
 Trade Journal _____
 Newspaper _____
 BID newsletter _____

Website

My own _____
 Other _____
Other
 My window _____
 TV _____
 Radio _____

4. Do you participate in tradeshow?
 - a. If so, which ones?
 - b. If not, why?
5. Do street closings seem to affect your business?
6. If so, how?
7. What do you think of the hawkers?

Is there anything else you think we should know that would help to inform our report?

Thank you!

Appendix C: Intercept Survey

Location Collected (Check one) Corner of 47th St & 5th Ave Middle of District Corner of 47th St & 6th Ave
 Date: _____ Time: _____ Surveyor Initials: _____



Diamond District Intercept Survey

<input type="checkbox"/> M	<input type="checkbox"/> F
----------------------------	----------------------------

1. Where do you live?
- Manhattan Brooklyn Queens Bronx Staten Island
- Tri-State Area (Upstate NY, CT, NJ, or LI) Elsewhere in the U.S. Outside of the U.S

2. How do you refer to this area?
- Diamond District 47th Street Other _____ Does not apply

3. In general, what brings you here? **[check one]**
- Shopping Sightseeing Employed at a business on 47th Street
- Jewelry repair Buy and sell jewelry Passing through Other _____

4. If you were to shop on this street, how would you choose which store to go to? **[check one]**
- Window display Referral Street Advertiser Internet Other _____

5. How did you know to come here? **[check all that apply]**
- Friend Colleague Guidebook Internet Street Advertiser Other _____

6. How frequently do you come here? **[check one]**
- This is my first time Daily Weekly Monthly A few times a year
- When I visit New York City

7. How much do you typically spend at businesses on this street? **[check one]**
- Less than \$100 \$100-\$1,000 \$1,000-\$5,000 Greater than \$5,000 Does not apply

8. Please tell us what you think of the following conditions on this stretch of 47th Street: **[✓]**

	5- Excellent	4- Very	3- Good	2- Bad	1- Awful	No
Physical appearance of the						
Parking availability						
Cleanliness						
Range of merchandise						
Ease of walking on						

9. If a street advertiser handed you a promotional flyer, would you take it?
- Every time Some of the time Never

10. Has a flyer or street advertiser ever influenced your choice of stores? Yes No

11. Please tell us how you think the street advertisers affect the following: **[✓]**

	Helpful	Hurtful	No Effect
Mood of the area			

Cleanliness of the area			
Reputation of the area			

12. Do you feel safe in the area? [check one]

- Yes
 No
 Somewhat
 No opinion

13. If not, what makes you feel unsafe? [check all that apply]

- Car traffic
 Potential for robbery
 Presence of street advertisers
 Ongoing construction
 Other ____

Appendix D: Schools and Training Program Descriptions

Emphasis on specific skills training for local industry

Fashion Institute of Technology (School of Art and Design) Jewelry Design program is housed in a SUNY school located in Manhattan’s Garment District. FIT’s Associate of Applied Science degree offers two tracks: design and studio. In the studio track, students develop bench skills in a range of areas the schools considers important to the industry including CAD/CAM, casting, mold-making, and platinum work. Course offerings train students in the handling of metals, diamonds and gems, and alternative materials. The majority of the instructors are working jewelers and designers, working on an adjunct basis. They bring a breadth of experience, which in turn exposes students to a variety of professions and roles in the industry.

FIT jewelry students mostly fit one of two profiles. One major group is high school graduates with some developed talent and art portfolios, preferably including three-dimensional work (e.g., sculpture, carving). These students need medium-to-strong academic skills to handle the liberal arts courses. FIT also attracts Adults who already have a bachelor’s degree and are seeking a career change.

The program enrolls 50 two-year and 25 one-year students per year; one-year students take fewer fine arts and liberal arts courses. Of these, an estimated 40 new graduates are available annually for local hiring. FIT is interested in making its program “more accessible” to the jewelry sector, as one administrator noted, “We are here to serve the industry.” The school trains career-oriented students seeking to cultivate design sensibility, bench skills, and CAD/CAM training.

FIT graduates frequently find full-time employment or freelance work at major companies such as Tiffany & Co., Judith Ripka, Swarovski, Tyler-Adam, and Miriam Haskell. Ripka and Haskell also have their own internship programs. Haskell offers a full-time summer internship with approximately 30 placements in their design, brands, sterling, and watch departments. The company hires almost all of these interns and actually prefers people with little to no experience so they can train them in the Haskell approach.

The FIT program does not require internships for graduation. However, the school’s Career and Internship Center has a formalized internship process that involves structured placements with firms and a required credited course—Career Exploration for AA students and Career Advancement for BA students. The center has a limited number of contacts in the jewelry industry and is looking to grow that network of company contacts.

Gemological Institute of America New York has two branches, in California and New York City. GIA-NY has a laboratory on the edge of the Diamond District and educational facilities a few blocks downtown from Grand Central. Its mission is to ensure the public’s trust in gems and jewelry by upholding the highest standards of integrity, academics, science, and professionalism, through education, research, laboratory services, and instrument development.²⁷

²⁷ GIA website, <http://www.gia.edu/about-gia/index.html>

The institute trains students for roles in jewelry design and production. It also offers courses in sales and purchasing, in which students develop an expertise in evaluating precious stones on both the pre- and post-production end of the supply chain. Specifically, the Graduate Gemology program teaches students to become experts in the GIA's ubiquitous Four C system of grading diamonds (color, clarity, cut, and carat) as well as learning to use visual and technical methods to identify "hundreds" of semi-precious and other stones used in making jewelry.²⁸

GIA-CA offers an Applied Jewelry Arts diploma that covers design and comprehensive bench skills including mold making, castings, and CAD/CAM. There is also a 26-week Graduate Jeweler diploma that includes training in jewelry manufacturing and repair, gemstones, and design elements (i.e. mounting, settings, and shapes.)²⁹ Students have expressed interest in learning bench production skills. In response, the institute has explored opportunities to move education activities, including a production lab, up to the Diamond District to expose students to more real-world examples in the industry, training and employment opportunities. Our respondent at GIA-NY said the institute would "love to offer bench skills, but are constrained in terms of space at its current locations." There may be an opportunity to re-visit this option now that GIA-NY has committed to moving to the new International Gem Tower which is currently under construction on 47th Street.

GIA's reputation as a trainer of gemologists is rooted in its international profile as the creator and arbiter of gem standards, especially for diamonds. GIA-NY courses mainly develop professional expertise in applying these standards. In addition, school staff has industry experience spanning lab work and grading, operating a business, and retail. Students get an opportunity to work with diamonds and other gems as well as learn the components of the gem certification system.

Students enrolled in GIA programs are typically seeking specific career training that will help them to get a job in the industry. The programs are considered very intense and also carry a high price tag—in some cases almost \$20,000. In 2008-09, 175 people enrolled in the Graduate Gemologist program, 95 in Diamonds, and 37 in Colored Stones, for a total of 307 students). Of these, 80 total graduates found employment in the industry.³⁰ Graduates find placements in commercial, manufacturing, and studio sectors of jewelry. They also work in auction houses, pawn shops, customs offices, labs, and retail stores.³¹ GIA appeals particularly to international students in particular because it can sponsor a student visa; although it is unclear how many of these students remain in New York.

GIA has an active career services department that posts job descriptions online for anyone who is hiring. There is strong alumni involvement, especially in Manhattan. Alums will host events on relevant business and technical topics which can help people move within, up, and around the industry.

Studio Jewelers Ltd in midtown Manhattan is a New York State Education Department–licensed, proprietary technical school founded and managed by a former New York public school vocational-tech teacher. In the Comprehensive course, students learn to fabricate in metal, set in eight different ways, model in wax, and do their own casting and rubber mold making (steps in

²⁸ The GIA lab receives 5,000 to 6,000 stones per day for certification.

²⁹ GIA-California's Applied Jewelry Arts diploma is 26 weeks and costs \$16,145 plus tax. The Graduate Jeweler diploma is also 26 weeks and costs \$16,500 plus tax.

³⁰ Graduate Gemologist program: 49 students, Diamonds: 26, and Colored Stones: 5

³¹ GIA has a corporate department and a Vice President of Education who understands the training needs of various firms and organizations and will help customize training for specific audiences (e.g., the FBI).

jewelry making that are often outsourced). In addition, they learn decorative processes, rendering, and color shading. They do not study CAD/CAM.

Of the programs reviewed, this one is the most formally integrated with workforce development. Students enrolled at Studio Jewelers Ltd are seeking professional placement in the industry. The studio teaches the techniques instructors — working jewelers who have their own jewelry lines and decades of experience— believe are necessary for employment. Most instructors have been with the schools for more than a decade and some have been there for 20 years or more.

The school is diligent about finding job placements for its graduates in the New York area. Staff monitors websites and *The New York Times* for openings. Graduates have found jobs at large name brand companies such as Tiffany & Co. as well as in smaller shops of 10 to 20 employees who perform subcontract work for other lines. Employers also contact the school looking for polishers and solderers. There appear to be a relatively high number of openings for bench work and sales, while designers are more difficult to place.

Vocational training for entrepreneurs and hobbyists

92nd Street Y's Jewelry Center program offers courses on a range of bench skills and provides more in-depth training than conventional academic programs. Students can enroll in classes focused on general jewelry making or focus on more specific areas. Skills courses include sawing, annealing, texturing, forming, soldering, polishing, bending, folding and dapping. There are also courses dedicated to design, wax carving, stone setting, Keum-boo (gilding technique), gold- and silver-smithing, enameling, molding and die forming. Most students are seeking to hone their skills in preparation for their application to an academic institution or for additional training post-graduation. Most of these students are not looking to obtain a job in the industry.

The Jewelry Center has 22 instructors all with either MFAs or professional experience. Approximately half of teachers have their own jewelry lines. One administrator said that faculty members will typically help students interested in finding a job in the industry that fits the student's skillset and interest.

The Jewelry Center expressed interest in seeing a more structured apprenticeship or certificate program in New York. It feels this could be a new opportunity to train disadvantaged youth for a career in the jewelry industry. The center would be interested in exploring this with the 47th Street BID, although it currently has no space for additional programming.

The Jewelry Arts Institute is a Manhattan-based proprietary arts school (located near the Diamond District) with an explicit mission of preserving and teaching antique "Classical" (3000 BC forward) goldsmithing techniques revived by the school's co-founder, Robert Kulicke. While JAI does schedule topical workshops, the core instruction is project-oriented, where students construct a specific sequence of classic jewelry pieces of increasing difficulty, requiring one or more techniques such as granulation, enameling, and/or chain weaving.

JAI draws students from Manhattan and the tri-state area. Students tend to be either hobbyists or interested in making and selling jewelry. However, they stop short of seeking employment in the industry. JAI is dedicated to an artistic approach, not manufacturing. If it appears students are looking for actual job training, JAI will refer them to Studio Jewelers. Students have sold their jewelry to a number of large retailers, including Barney's New York, Bergdorf Goodman, and Neiman Marcus, as well as galleries and smaller retailers.

Liberal Arts Education with Some Skills Training

Pratt Institute seeks to orient students with a holistic understanding of the diamond and jewelry industry ranging from running a jewelry business down to the actual bench skills required to manufacture jewelry. The program offers lessons in business development so that students have an understanding of the realities associated with operating a design or manufacturing firm, including material costs and client relations. They also acquire basic bench skills so as they become familiar with the steps in jewelry manufacturing and can use this knowledge in other aspects of the business.

Pratt students are encouraged to find an internship while in school to both further develop their bench skills and establish a network for future job prospects. Patricia Madeja, Coordinator of the jewelry program, assists students in finding internship opportunities by tapping her own professional network. She has helped students with internship and post-graduate placements at a material supply store near the Diamond District, as well as at a store on 47th Street. While the internship is not currently a requirement for graduation, the Department of Fine Arts (where the jewelry program is housed) is formalizing an internship program, which will expand options for students. Madeja would like to formalize the school's relationship with businesses in the Diamond District.

Pratt graduates typically find positions as designers at major jewelry companies such as Tiffany's and Mariam Haskle. Some become freelancers, while a few enter into production. Madeja noted that students are having a difficult time finding jobs in the industry after they graduate.

Rhode Island School of Design offers both Bachelors and Masters Degrees in Fine Arts. Students can specialize in Jewelry and Metalsmithing. The Fine Arts program (both undergrad and graduate) were ranked number one and the Jewelry and Metalsmithing concentration number two in the national U.S. News and World Report.

Students seeking a BFA take general liberal arts classes as well as technical skill courses and become proficient in CAD/CAM. There are six core classes per year with course descriptions emphasizing problem solving, modeling, and drawing. Advanced CAD/CAM is optional. Students learn traditional jewelry construction including sawing, filing, forming, soldering, and polishing.

MFA candidates graduate with technical and analytical skills that prepare them for working at the cutting edge of the jewelry industry. There appears to be a transition at RISD in where students are finding employment post-graduation. At one point they were not seeking positions in private industry. However, there seems to be a growing interest in more traditional positions. RISD has a diverse faculty with instructors coming from Germany, Israel, Mexico, Sweden and elsewhere. The majority of them have their MFA and while no one is from the diamond and jewelry industry, several do have their own lines.

The school offers credited internships but will refer students to non-credit paid projects such as designing a website. The Chair of the Jewelry and Metalsmithing specialization assists students in finding internships. Summer internships "are very valuable for students to gain insights into working for a company or a studio or summer camp," Department Head Robin Quigley told us. RISD's Career Center also assists with internship placements with companies such as Tiffany & Co. There is interest within the department to develop some form of joint effort between academia and industry.

SUNY-New Paltz also offers both BFA and MFA degrees. Students dedicated to jewelry making enroll in the school's Metal program. The program seeks to transform students into studio jewelers and offers bench skills classes such as casting, mold making, and CAD/Cam and RHINO (design software). Classes in setting are also available, but the program is focused heavily on metals. It was designated the number one Fine Arts program in Metal/Jewelry by U.S. News and World Report.

New Paltz's approach to specific techniques and functions aims to teach students particular skills they need to pursue their art rather than an industry-based job. However if a student appears to be more interested in the latter, faculty will encourage them to finish their training at FIT or a trade school. Current faculty members have formal Fine Arts training in metal work. In the past, working artists/artisans taught specialty skill sets (e.g., blacksmithing).

Internships are not required in either the BFA or MFA degrees. However students that do participate in such an opportunity do so in the summer under the heading of project-oriented fieldwork and independent study. These tend to be group work settings with five to six students working in studios in the Hudson Valley. Some projects provide stipends.

The BFA students complete the Metal program in three years and typically either go on to pursue a Master's degree, start their own business as jewelers and metalsmiths, or find employment with established artists. Some do work in commercial houses including Ralph Lauren and Tiffany & Co. MFA students, who generally finish the program in two years, tend to find careers in academia as well as galleries.