

# De Beers plans changes to rough diamond sales system

By [Allan Seccombe](#)

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De Beers CEO Philippe Mellier says the system the diamond giant uses to sell its rough diamonds to hand-selected clients will be changed to accommodate volatile market conditions.



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An analyst said last year the sightholder system was too rigid and inefficient.

Addressing buyers visiting Gaborone, where De Beers aggregates, sorts and sells diamonds, Mellier said De Beers had increased advertising spend, curtailed production and introduced "unprecedented supply flexibility" for buyers.

One of the major changes for De Beers's clients would be in the company's global sightholder sales (GSS) business.

"We will continue on the journey we have started with the current supply contract," Mellier said. Given the expected volatility in their markets, they would "restructure global sightholder sales so we can sharpen our focus on customer relationships and on product and service delivery. This will improve our responsiveness and provide all our businesses with the best insulation against those challenges that remain outside of our control."

De Beers spokesman David Johnson said the company would create teams from different parts of the sightholder sales business involved in sales, commercial planning and the supply chain "to develop more efficient internal processes to meet evolving customer needs".

"The business will develop greater capability to understand specific shareholder needs, changes in individual shareholder operations and the environments they work in - and if there is a change to the customer business or the external environment, GSS will be able either to see it coming or respond to the change more rapidly with its product and service offerings."

It felt changing the way the shareholder departments and teams "operate and interact internally could allow the business to be even more agile and more targeted to meet the different needs of each customer".

"It wasn't that GSS had any particular weaknesses, but we feel that making some changes to the way the GSS departments and teams operate and interact internally could allow the business to be even more agile and more targeted to meet the different needs of each customer," Johnson said.

The review of the sales side of the business had not yet been finalised, Johnson said.

Mellier said polished diamond prices had started to stabilise and increase. "We have seen some encouraging - not magnificent, but definitely encouraging - early indications from holiday season sales in the US consumer market; and we have seen greater trading activity than at the end of 2015," he said.

"After such a difficult year, it seems that there are some reasons to be cautiously optimistic as 2016 begins, and we may be starting to recover some of the lost momentum."

**Source:** Business Day

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