



# Frequent Refining is your Secret to Success

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Instead of trying to ‘time’ the markets, you may be better off cost-averaging refining expenses-to-revenues by refining frequently. Refining cost-averaging is an approach where you refine roughly the same amount of material on a regular basis, usually quarterly, and convert the proceeds into assets that help sustain your business. It takes advantage of the only certainty of the precious metals markets - that prices will continue to rise and fall.

**By refining roughly the same amount at set intervals, you are smoothing the ups and downs of the metals market.**

**A regular pickup schedule is a disciplined method of refining and also an excellent way to benefit from refining-cost averaging.**

Frequent refining on a regular schedule is a convenient and flexible way for laboratory owners to gain additional revenue over time. The benefit of this strategy is that it reduces the risk of refining a large amount of scrap in a single transaction at the wrong time.

By refining roughly the same amount at set intervals, you are smoothing the ups and downs of the metals market. Your refined material will result in lower costs and fewer scrap dollars when the prices are low, and more scrap dollars and higher costs when the prices are high. This strategy can be more beneficial in managing settlements and costs than one of “wait and hold,” or timing in an attempt to beat the market to the bottom. For example, many laboratory owners will refine only once per year at years’ end, but that may lead to sacrificing overall scrap dollars.

## **ADOPT A REGULAR PICK-UP SCHEDULE**

A regular pick-up schedule is a disciplined method of refining and also an excellent way to benefit from refining-cost averaging. With a regular pick-up schedule, a set amount of scrap material is automatically picked up from your laboratory each month or quarter. By monetizing your investment in scrap more frequently, you avoid tying up capital that could be put to more productive use. You can use a regular pick-up schedule to save for assets to build your business - or for your children’s education, a holiday, a new car, or for your retirement. And, if you are financing business transactions by credit card and paying 10% to 15% interest, using scrap proceeds instead has an immediate benefit.

## DISCIPLINE IS THE KEY – NOT LARGE LOTS

You do not need a large amount of scrap to be a successful at refining cost-averaging. What is important is making a commitment to a regular refining schedule.

### EXAMPLE – REFINING-COST AVERAGING

Jim establishes a refining cost-averaging plan by establishing a regular pick-up schedule with his Jensen Dental Refining Sales Consultant. He refines approximately 1.17 oz per quarter for 4 quarters.

Jim's refining transaction is made at the same time each quarter, with the same alloy mix and percentages used through-out the year. Each quarter, the metals market prices have varied. (Columns B and C ).

A		B	C	D	E
Regular Net Refining Lot		Market Price Au	Market Price Pd	Costs	Net Settlements
Weights	Each Quarter		Each Quarter		Each Quarter
1.17 ozt	\$1,698.00	\$598.00	\$66.43	\$597.90	
1.17 ozt	\$1,767.75	\$639.50	\$69.72	\$627.52	
1.17 ozt	\$1,678.50	\$682.00	\$68.68	\$618.15	
1.17 ozt	\$1,320.50	\$565.00	\$54.98	\$494.80	
<b>Total 4.68 ozt</b>			<b>Avg \$64.95</b>	<b>Avg \$584.59</b>	

**Refining-Cost Average Total:** \$2338.37

**One Lot End-Of-Year Total:** \$1979.20

This affects the settlements that Jim receives (Column E) and the costs for his 1.17 ozt scrap lot each month (Column D).

**The net total settlement amounts you receive can be higher than if you try to time the market by choosing one refining date per year.**

## OUTCOME

Jim has refined 4.68 ozt for \$2,338.37 in settlements over 4 quarters. This is a greater net settlement amount than Jim would have received if he had refined the 4.68 ozt all at once at the end of the year based on the same 4th quarter market prices and costs as were applied to Jim's 4th lot that year. Jim would have received a net settlement of \$1979.20 if he had refined once at year's end.

By making smaller, regular, refining transactions Jim has received more net scrap proceeds to put back into his business.