DUTTSONROCKS

Six months in the Royal Marines followed by six years as a DJ is perhaps not the most obvious route to starting up a business selling diamonds. Neil Duttson left school with no qualifications andat 26 he realised that his life was going nowhere. It was at this point he started thinking about diamonds. “I had always had a passion for diamonds. When I was 18, I bought a book ongemology,” said Duttson. He searched the internet and found a school in Antwerp that ran a six month course. He mortgaged his flat and took out £50 000 equity to pay for the course and support himself while doing it. He said: “I loved it. At the weekends I travelled around Europe going into jewellery shops pretending I was getting engaged”. Armed with his new-found knowledge, Duttson set himself up as a diamond jeweller. Duttson’s first clients were friends who were getting engaged. Without funds to buy stock, he adopted the innovative approach of showing potential customers a selection of fakes in every single cut and shape of diamond, and only when they had chosen and paid a deposit, would he buy the real diamond. The diamond was then passed on to a jeweller to be made into a ring. Neil Duttson was successful and in 2002 he formed Duttson Rocks Ltd.

(b) Evaluate Neil Duttson’s decision to change from operating as sole trader to setting up as a private limited company. [8]