

SITTIN'

“THAT’S THE PART OF THE BUSINESS I LOVE THE MOST, MAKING FURNITURE”

PRETTY

Milan Direct’s online-only business model has made designer furniture accessible to a generation of Australians born long after Eames made his famous chair. Founder Dean Ramler explains why his business is growing uncontrollably.

BY JENNIFER BLAKE

Dean Ramler didn’t know anyone who would pay \$10,000 for an Eames chair. But he knew a lot of people who would like to own one. So he launched a designer furniture business, selling replica furniture direct to the public using an entirely online business model. In just five years, Milan Direct has grown from a one man band with a single line of chairs to a successful online enterprise with 10 staff, 400,000 pieces of furniture sold and a growing range of household products.

A FAMILY PASSION

Born into a 60-year-old family furniture business, Ramler grew up talking about carpentry at the dinner table. As soon as he could hold a hammer, his father and grandfather taught him how to make furniture. So while backpacking around Europe with friends after graduating uni, between the bars and good times, Ramler couldn’t help but take notice of the designer furniture he saw all over Milan. “When you associate with something so much you just see the opportunities everywhere.”

When he returned to Australia and realised he couldn’t afford so much as a leg of a designer chair, he came up with a plan. Sitting down over a few beers with good mate Ruslan Kogan, (founder of Kogan, an electronics manufacturer retailing direct to customers using an online-only business

model), Ramler realised there was no reason that what worked for televisions wouldn’t work for chairs. The entrepreneurial pair jumped on a plane to China and spent weeks shortlisting factories as potential manufacturing partners to choose. A few weeks later, Milan Direct launched, following Kogan’s innovative business model.

It’s ironic that these iconic chairs are so far out of reach for everyday consumers, Ramler says, as the original designers aimed to make their furniture available for the whole market.

“In the eighties and nineties it became kitschy and high-end and companies started charging \$10,000 for a chair that you can manufacture for \$500. It goes against what the designers actually wanted—people can’t afford their chairs!”

Ramler and Kogan didn’t set out to start a massive business, make the *BRW Fast Starters* list or lead an online revolution for accessible designer furniture. “We just manufactured and imported the chair I had wanted to buy but couldn’t afford.” But that’s what happened. They invested \$10,000 each and bought one 20-foot container of replica Eames and Barcelona chairs. Once the first container sold, they reinvested the profits and doubled their order to a 40-foot container. “Then we bought two 40-footers, then four 40-footers... We had such a great reaction from our customers because we were offering such an awesome product at prices never seen before in Australia.”

BUILDING A BUSINESS

Milan Direct grew by word of mouth, Ramler says, and a dedicated group of customers who kept coming back from more. About 40 percent of Milan Direct customers are repeats, Ramler explains. That stems from the too-good-to-be-true mentality that makes some people reluctant to purchase online. Customers would often buy a single office chair to ‘test’ out the quality. “They’ll call us up and say ‘Wow! The quality is amazing. I’d like to buy the lounge chair, I’ll buy this, I’ll buy that.’” When businesses started buying, Milan Direct started offering office fit-outs. Ramler slowly added products to the range, and Milan Direct took off. With a projected turnover of \$6 million for 2011, and a new business operating in the United Kingdom, Ramler expects Milan Direct is about to experience out-of-control success.

“We’ve spent five years slowly fine-tuning our business model to the point where we can roll it out to any country.” Milan Direct

launched in the UK less than two years ago. “Within the first year that was a multi-million pound business,” Ramler says. Now, Europe is on the cards and American and Asia will follow. “It’s only the beginning really.” The online business services its global market from its Melbourne office, with a second set of staff working from home overnight to answer customer queries 24 hours a day, seven days a week.

Milan Direct was recently awarded the contract to sell-off what’s left when the London Olympic Games dismantle in 2012. “We have to sell 900,000 pieces of furniture in a six month period. To put that in perspective, we’ve sold 400,000 pieces in five years.” It’s a big project, and Ramler is already expecting to double his staff in Melbourne to handle the demand. “The big advantage we have to move all of this furniture is because it’s already technically been sold once. The prices will be ridiculous, it will be ‘Buy this big two-door cupboard for \$19!’”

GETTING IT RIGHT

The bigger his company gets, the more Ramler’s bargaining power increases with his suppliers, he says. “That means we can

get cheaper prices for both our Australian and UK customers and we can keep lowering our prices.” But maintaining quality in China where there is a “mind-set of mass production” is a constant struggle. “They get your order, finish it in thirty days, done, ship it. They didn’t care about the quality aspects.” But having been brought up making furniture, Ramler says he knows what to look for and spends weeks at a time in China teaching his manufacturing partners how to improve quality. “That’s the part of the business that I love the most, making furniture. And my factory partners love it too—it’s their livelihood. Together, we form a pretty good team.”

That’s not the only challenge. As a pioneer in online-only business, Ramler says finding a warehouse geared up to service the model was difficult. Traditionally, furniture warehouses send out one truck to a store a week. Milan Direct wanted to get furniture to its customers as soon as possible following their purchase. “We had to make a few moves. We always wanted to be able to provide the best price for our customers, and if our warehousing costs blow out, we can’t do that.”

Like business partner Kogan, Ramler says he is a product of the online world, and therefore concentrates his marketing spend online. “You get such great information with Google that we can target our information to the right people and give customers what they’re looking for, provide the right products, send them to the right pages.” Putting an ad in the paper amounts to guesswork, Ramler says. “Let’s send this ad out to the whole country and hopefully somebody buys something. Online, we know we’re not wasting any money. You can measure it.”

Competitors are popping up all the time, Ramler says. “Anyone can order a container online these days, get it here and send it out to your customers.” But a credit card and internet connection does not an entrepreneur make. “If you send them a chair that’s not great quality, they’re going to ask for a refund.” Over five years of trading, Ramler says his company has seen an industry shake-out. Companies pop up and are gone six months later because they failed on quality.

Launching an online business might seem easy, Ramler said, but it’s not a good prospect for a lazy person. “You have to spend a lot of time researching what you’re doing. You have to be an absolute expert in your field. You have to be passionate about what you do and know a lot about what you’re doing. If you’re not, you’re not going to do it well, and that will show.” **DB**

