

Jaebee Furniture Limited

Joy Igbodike, the Chief Executive Officer of Jaebee Furniture Limited was reflecting in her office on January 2019 as she prepared for the first meeting of the year with her staff. It was a significant year as Jaebee celebrated a decade of being in the industry. Jaebee had projected a sales increase of 30% over 2018 sales, yet the company had struggled with staff retention in the previous two years. Jaebee's online academy was gaining traction by positioning Joy as a dependable expert while stimulating demand for its products. Joy was however concerned about the shortage of skilled manpower to meet such demand. Cost of production was also rising while her target market was the lower to middle income class whose purchasing power was dwindling. Joy wondered if there was anything Jaebee could do differently to accomplish the year's sales projection.

Company Background

Jaebee Furniture Limited was an integrated furniture production company that specialized in making smart multi-functional furniture. The mission of the company was to provide high quality multi-functional furniture items at affordable prices. Jaebee furniture designs were simple and futuristic. They were designed to serve multiple purposes. Jaebee furniture optimized family living areas, created reasonable workspace and safe play area for children. Some of its products included sofas that could be used for storage and/or sleeping and some came with USB charging ports; coffee tables that could be converted to reading desks, etc. Jaebee constantly reviewed its designs based on customers' feedback to ensure value for money. Jaebee trained established furniture makers on innovative solutions, aimed at cost reduction, increase in efficiency and service quality. Jaebee also had a furniture academy for aspiring entrepreneurs that focused on empowering girls especially those from disadvantaged backgrounds.

Peter Bamkole prepared this case study with the assistance of Stanley Ibeku as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. This case study was sponsored by Oxfam 'Work-in-Progress' Project.

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Joy Igbodike graduated as a Mechanical Engineer from Federal Polytechnic, Ilaro in 1998 and Business Administration from University of Lagos in 2016 but was introduced early in life to furniture making by her mother that owned a high-end furniture business. Apart from learning the rudiments of furniture making, Joy was also involved in the sales of the finished products. While most of Joy's friends that visited their home admired their furniture, she realized that majority of them could not afford it. That became an opportunity that Joy decided to pursue when she established Jaebee Furniture in 2009. She focused on the lower to middle income segment, which included her friends' families. So she had to think of how to compete for skilled workers who were likely to be paid more by the established furniture companies.

In 2016, with over 20 years of cognate experience in the furniture industry, Joy knew she had to change her business model and compete differently if she was to grow in the industry that was becoming 'saturated'. It was time to press the reset button. That was when Joy got onto the Oxfam Novib **Work in Progress (WiP)** program at the Enterprise Development Centre of the Pan-Atlantic University, Lagos, Nigeria.

Re-thinking the Business Model

Jaebee Furniture's original business model was to make affordable furniture using creative designs. The company expanded its product lines to include furniture accessories such as decorative wall shelves, frames, etc. using offcuts from sofas and other large furniture. Joy had made significant progress following her participation in the WiP program in 2016, which trained her and three of her staff. In addition, four consultants provided her with advisory services over a period of six-months. That program radically changed the way Jaybee operated. During the WiP review for Cohort 1, everyone voted Joy as the most improved in that cohort. Three years later however, it was at the circularity workshop that Joy learnt about the circularity business model and decided to chart a new path for her company. According to her:

"For the things that I do now and for most of the transformation that Jaebee has witnessed, WiP was the foundation. From running the business like every other person to adding the social enterprise spin. However, after WiP, my focus became IMPACT. So I had to constantly think of how to make sure that the people in my area are benefitting from the business apart from me just making money. Thank God I attended the Circularity Workshop, it has helped to transform my business"

Joy's road to re-thinking her business model was instigated upon an invitation to a circularity workshop by the OXFAM Novib **Work in Progress (WiP) programme** in October 2019. During the workshop, Joy thought of a new product that would fit the circularity model and also set date for launch of the product. This way of thinking may not be unconnected with her training as a mechanical engineer. She could come up with a prototype of an idea / concept and subject it to iterations quickly.

Prioritizing Regenerative Resources

At Jaebee, the business saved on energy by ensuring that the workspaces were designed to harvest about 10 hours of sunlight daily, with some of the spaces being open air while some were shaded by trees. That minimized the use of air-conditioning. The learning rooms also had large windows with cross ventilation while the surrounding trees provided a calming effect. This reduced electricity usage by about 40% with a corresponding reduction of their carbon footprints.

Zero-Waste Practice and Furniture Swap Product

Joy followed through with the circularity plan after the workshop and launched the new product- “Furniture Swap” on the 26th of November, 2019. Circularity was in Jaebee’s DNA as confirmed by its zero-waste policy. The Furniture Swap was an exchange initiative of the company in which customers exchanged their old furniture for a new one. The old furniture was assessed and given a credit value, which was then used to partly offset the cost of the new furniture. The returned furniture was then refurbished and sold to another customer who could equally return the same furniture after use, under the furniture swap arrangement. This initiative opened up a new market as the business model was designed to optimize all resources acquired for production. As a result, the company sourced, refined, produced, and sold furniture pieces to customers and when the customers have used them they simply swapped them for newer pieces.

Jaebee ensured that wood for furniture was cut to specific sizes in order to minimize wastes. All offcuts were produced in a way that they could be re-used for smaller furniture pieces. Wooden offcuts were also used for smaller decorative pieces. Old cushions/foams returned by customers were used to make throw pillows or used for smaller soft furnishings such as children’s toys. The fabrics from the old furniture were also used to produce decorative pieces. This initiative opened a new market segment of low income earners for Jaebee. Apart from extending product lifespan and reducing waste, Jaebee sales went up five times in three months.

Jaebee Furniture School

Joy began to offer training services on furniture making. Initially, this was not considered as a revenue generating endeavor. It was a way of sharing her wealth of experience with others. This however evolved gradually into Jaebee Furniture School (JFS) which was borne out of the demand by people who wanted formalized training. JFS trained interior designers, production engineers, technical college students, interns, carpenters on modern production techniques, material usage and cost efficiency. This was aimed at building the capacity of trainees to start and run successful businesses with a low cost, no wastes mindset. The training was delivered as a blended program as it included some online self-paced courses. The school generated income through training fees.

There were also internship placements for mostly secondary school leavers. The interns while they learned also helped in the production of the furniture pieces and were paid for their efforts.

Filling the Skills Gap and Social Enterprise

After years of practice, Joy knew there had to be a different way of solving the skills gap in the Furniture industry. Request for skilled workers came in from other furniture maker and allied establishments. This led Jaebee to place more emphasis on developing skilled workers for the industry. Joy structured the apprenticeship program over one year but felt that majority would not be able to afford it. As she wanted the training to be free and sustainable, she modelled it as a social enterprise ‘Train to Build’. Eventually, Joy decided to train only girls thus rebranding her social enterprise as “Girl Skill-Up”. The choice of only girls was as a result of the research she conducted, which indicated that less than one percent of women were skilled in the construction industry. Joy also felt that girls would easily be interested since they would see her as role model. The program which was residential was repackaged for a 9-month cycle. Jaebee provided the hostel and got people to sponsor these girls.

In the first 3 months, the girls were taught the rudiments of furniture making and were integrated into the factory after 6 months. This meant that the trainees formed part of the production team and this helped increased production capacity and revenue. The first cohort comprised of 100 girls and it was a huge success as the girls were able to achieve a lot. As production increased, the company’s Furniture Swap became expedient. And with technology, transactions were done online. Customers were able to upload information on the old furniture and got offer from the company with coupons. Payment was also made online before the company delivered the new furniture. To reduce cost of transportation, the old furniture was picked when the new furniture was delivered. Prior to the Furniture Swap, Jaebee Furniture normally had 20 sofa orders in a month, however, the orders jumped to about 200 in a month. The furniture swap seemed to have opened up and underserved market- the lower class. The clients found the initiative an exciting way to get affordable furniture while getting rid of the old ones.

The training initiative also opened up partnerships and business opportunities with organizations that Jaebee would not have dealt with ordinarily. Large organizations partnered with Jaebee primarily because of societal impact. One of such companies placed an order that was more than Jaebee’s annual sales for the previous year. A major factor was Jaebee’s alignment with the circularity model that ensured sustainability. In other cases, some organizations specifically requested that girls worked on their orders and they used this as part of their impact stories. This increased Jaebee’s revenue in addition to positioning the company as an innovative company. Joy was also recognized as the ‘First Lady’ of furniture makers in Lagos state following her appointment as the president of the furniture makers’ cooperative. She received the DAAR Communications Award in 2018 as the Outstanding Young Entrepreneur of the year.

Collaboration

With the increased orders from different clients and the need to increase production capacity, Joy thought of various options. Physically expanding capacity of her current facility. This was ruled out not because of the resources needed but the option was not considered optimal. Any option that increased the overhead costs was quickly discarded. Joy approached the Ministry of Women Affairs, Lagos State for a space to train people on furniture making as part of the ministry's empowerment program. The ministry was excited about the request and subsequently partnered with Jaebee furniture by providing spaces and electricity in six training centers established across the state.

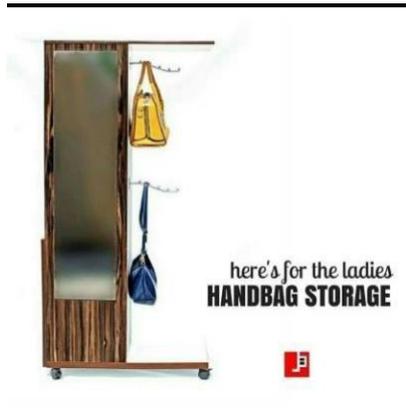
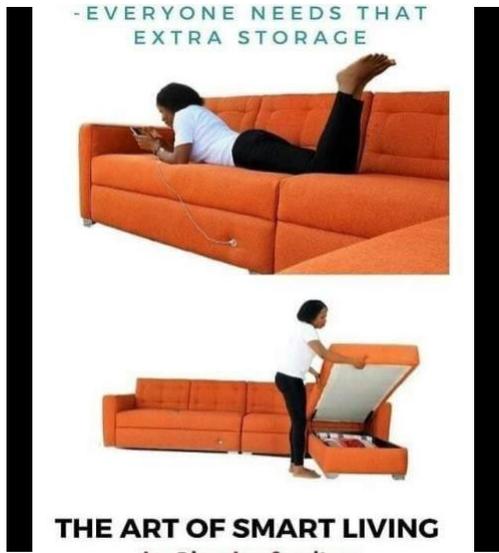
Apart from training people, new furniture manufacturing hubs sprung up around these centers. The hubs were structured as part of the Furniture Swap initiative of Jaebee. As the girls were trained, they also produced furniture for the Furniture Swap program, thus expanding the reach of the program. As a result, each training center / hub covered its operating costs and became a revenue channel for Jaebee.

Requests for the replication of "Girls Skill-Up" came from other state governments and private organizations but Joy felt it was better to focus on Lagos State, learn and review, before replicating the initiative. As part of effort to assist the participants after the program, Lagos State Government supported the girls in groups of five to set up their production facility. Jaebee considered the franchise model where girls in such groups of five could own a franchise, with the state government providing the funding of their production facility. Each franchisee will then be part of the Furniture Swap initiative to rapidly make their franchise sustainable as demonstrated under the Lagos State partnership.

In order to make the acquisition of furniture easier especially under the furniture swap initiative, Jaebee Furniture also partnered with a finance company that provided affordable loans under their consumer loan facility.

Incorporating Digital Technology

Jaebee actively used digital technology to drive the business. Apart from the face-to-face training, learners completed the self-paced online training which was delivered on the company's YouTube channel. This provided greater access to prerecorded course materials on the rudiments of furniture making to everyone including those on the apprenticeship program. Jaebee's followership increased, Joy became a trusted expert and sales increased. The Furniture Swap program was fully online, where customers selected the replacement products, paid and had them delivered.



Some of Jaebee's Range of Products



Launch of the Girl Skill Up with Lagos State Government



Joy's installation as the Women Leader



Collaborating with Ministry of Women Affairs, Lagos State Government

Jabee's Online Furniture School



↑ Joy Igbo-dike with her INDECARD Corporate EXCO

← Joy Igbo-dike receiving her award from Senator Ben Murray-Bruce

Reflection

1. Analyze Jaebee's business model and its alignment with circularity business model.
2. What is the company's impact and sustainability based on the chosen model?
3. Is Circularity a Burden or Blessing for business? Why?
4. What is the importance of technology in delivering on business model?
5. If you were to be Joy Igbodike, what would you have done differently
6. Which UN Sustainable Development Goals is Jaebee addressing?