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LIFESTYLE

These 2 SMU Grads Invested $15K To Sell Home Essentials Online, Broke Even In About A Year

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7 months ago

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I'm someone who cannot stand any mess. In the office, I'm always cleaning up the pantry and rearranging things, making sure things are placed where they rightfully belong.

My colleagues often joke that I have an obsessive compulsive disorder (OCD). This 'organising' habit of mine extends in my own home, and I typically like to browse home organisation ideas on my phone — which could explain why I'm often served Style Degree's ad on Instagram.

A quick look at their Instagram page revealed that they have a significant following of over 33,000 followers. This made me question the people behind this brand, and how they've managed to grow so fast in just a span of a few years.

Speaking to the co-founders of Style Degree, Phoe Chuan An (27) and Tan Sher Yun (25), I found out that they have been a couple since their university days.

They share a common interest in hearing from startup founders and learning about their journey, and first met each other at an entrepreneurship club in Singapore Management University (SMU) back when they were second-year students.

As it turns out, that same entrepreneurship club also served as a starting point for their e-commerce business.

From Travel Essentials To Home Organisation

When the couple were on a three-month internship in Atlanta, USA as part of SMU's Entrepreneurship Programme, they discovered one pain point.



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Luggage organisers / Image Credit: Style Degree

"As we travelled to various cities, we realised how handy travel organisers were in ensuring that our luggage was neat and that things could be easily found," said Sher Yun.

During that time, Chuan An was also learning about website development and exploring the world of e-commerce. Once they put these two together, the two SMU business undergrads naturally came up with the idea of setting up Style Degree in 2016.

> "Starting from the ground up, we launched a series of travel organisers, from toiletries pouches to foldable travel bags.
>
> Interestingly, we entered the home and living sector through suggestions from our customers, who asked us if we could bring in home improvement products too. It was then (around 2018) when we realised that there was a market potential in this sector, seeing that our friends were applying for BTOs and some of our family members were getting new homes.
>
> *– Tan Sher Yun, co-founder of Style Degree*

Beyond the feasibility of tapping into the home organisation market, both of them wanted to help homeowners achieve the positive feeling of an organised home through their products.

For instance, having an organised home can help to simplify their life, as well as save time and energy from searching for a T-shirt because of a messy closet, explained Sher Yun.

Bearing this in mind, the duo made it a point to curate innovative and smart solutions that are designed for the needs of Singaporean homeowners.

They Operated Out Of A Bedroom





Phoe Chuan An and Tan Sher Yun, co-founders of Style Degree

Style Degree is their very first business venture.

Having founded it in their 20s, one of their initial challenges was overcoming the concerns about running a business at such a young age.

It's not so much doubts about their capabilities, clarified Sher Yun. Instead, their families were worried if they would be able to earn their keep for future responsibilities. After all, the entrepreneurial life is risky and does not draw a fixed monthly income.

However, when they achieved "little milestones" like securing their first office space and growing sales volume, it serves as a reassurance that Style Degree was on the right track.

Moreover, an advantage of running an e-commerce business is that they had less overhead to bear such as rental and utilities cost.

> "We could afford to pay ourselves less as students. The company started with $15,000 and broke even in about 12 to 15 months.
>
> We reinvested the profits back into the business to purchase inventory, increase our marketing budget and invest in our team.
>
> *– Tan Sher Yun, co-founder of Style Degree*

Looking back at its early days, Sher Yun said that it was very "hectic", albeit "exciting."

In fact, Style Degree first started out as a home-based business in Chuan An's bedroom.

Operating out of such a small space with their small team of part-time fulfilment workers was definitely a challenge. Cartons of goods spilling over to the living room during peak festive period was a common sight, and Chuan An had to be very hands-on in every aspect of the business.

Although it was physically taxing for him, it taught him what to expect from employees when they took over these key roles, such as packing orders, replying customers' emails and liaising with suppliers and delivery partners.

Getting The Basics Right

> "Back then, e-commerce was relatively new to us and there was a lot of experimenting and getting the basics right — from knowing what customers wanted, to learning how to digitally market them online, and putting in place processes to make fulfilment more efficient.
>
> We also had to establish good relationships with key suppliers. We learnt that the hard way in the early days when we received goods with quality that we were unsatisfied with. This made us very conscious about our product curation and development process which still carries on till today.
>
> *– Tan Sher Yun, co-founder of Style Degree*

Elaborating on the challenges with suppliers, Sher Yun said they often made trips to

Elaborating on the challenges with suppliers, Sher Yun said they often made trips to China to meet with suppliers and manufacturers to establish relationships with them.

These visits was important in ensuring quality control and enabled them to keep up with the latest trends in home organisation.

"Starting out, it wasn't smooth-sailing as it involves a lot of communication and negotiation with various suppliers, and it may not even lead to a business deal," said Sher Yun.

"There were undeniably hiccups along the way but we moved on from setbacks and rejections quickly, focusing on identifying potential suppliers who are aligned with us."

Internally, another challenge for them was that they needed to ensure that their company continues to be productive and efficient using technology.

Having started the business when they were university students meant that they didn't have much funding to capitalise on. Style Degree was their first full-time job — prior to this, their working experiences was limited to only internships.

They had to bootstrap and be particularly prudent in their expenditure.

In an attempt to cut down on costs, they used a cheap website hosting company in the early days. But as the saying goes, you get what you pay for: it was unreliable, and their website often lagged.

They also used to manually keep track of inventory using a spreadsheet, which was inefficient.

Now, they work with a reputable international host which helps make their website run smoothly, even during peak periods. They are also currently utilising an inventory management system which helps to streamline the fulfilment, purchasing and warehousing processes.

"While these new implementations are surely more expensive, we view them as investments which will fuel our future growth. In fact, by our conservative estimations, they have paid for themselves by helping us be more productive and saving us over 500 man hours annually," said Sher Yun.

> "Getting the basics right as early as possible is important. (We had to) ensure that our product or service is of quality, differentiated, and of value to the target customer.
>
> We kept on improving the customer experience while refining internal processes to support the company efficiently. Once we got the basics right, they act as a foundation for us to grow the business further.
>
> *– Tan Sher Yun, co-founder of Style Degree*

COVID-19 Fuelled E-Commerce

While most businesses have been adversely affected by the COVID-19 pandemic, it's been quite the opposite for Style Degree as the demand for e-commerce skyrocketed.

According to Sher Yun, they experienced high order volumes during the circuit breaker period as organising, cleaning and decluttering homes became one of the top stay-home activities.



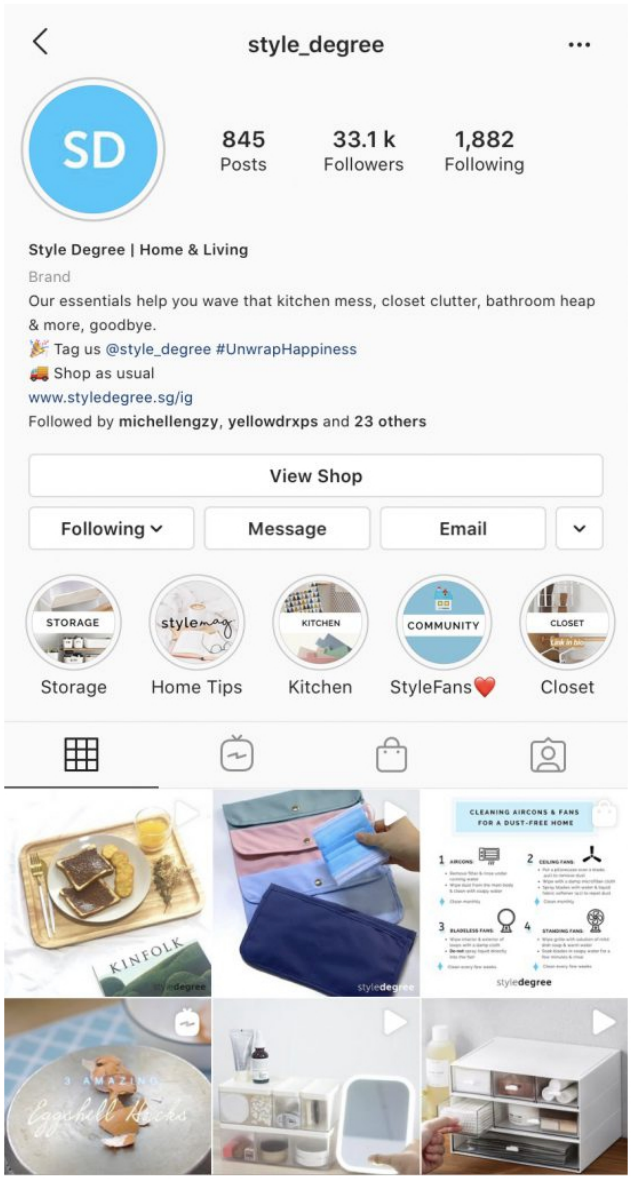


Desk essentials / Image Credit: Style Degree

Many of their customers also bought desk essentials to create a conducive home office during the work-from-home phase.

> We are rather fortunate that we are primarily an e-commerce company with an existing and growing digital presence without the overheads of a retail outlet.
>
> This helped us make the most out of the current situation in which more people are shopping online during this period. Having said that, we believe in having a physical retail presence which allows customers to touch and feel our products.
>
> *– Tan Sher Yun, co-founder of Style Degree*

As an online-driven business, Style Degree places a lot of emphasis on their social media presence.



Screenshot of Style Degree's Instagram page

They consistently create engaging yet useful content for their audience such as home organisation and cleaning tips, effective home hacks, as well as showcasing how their essentials can help solve home organisation woes.

With communication channels such as Instagram direct message, Facebook messenger, Instagram question polls, customers are able to easily reach them whenever they have any queries.

"Being accessible has allowed us to foster relationships with our customers and create long-term brand loyalty," said Sher Yun, adding that a third of their customers are returning customers.

Establishing a core group of customers who are passionate about the brand is important as the customer acquisition costs are lower and they are more likely to return and make referrals.

"Building a customer base takes time but it's much more valuable in the long run," she added.

Be Patient When Growing A Business

Style Degree has been seeing a steady growth since its inception.

Its annual revenue has been growing by 50 percent to 100 per cent in the past four years, and the duo expects it to increase two-fold this financial year.

Despite the pandemic which has caused hiring freezes everywhere, Style Degree is looking to hire to expand its team.

In the long run, they also have plans to expand to other countries in the region.

They currently ship internationally from Singapore to countries such as Malaysia, Indonesia, Australia and the United States, but an international expansion would allow them to offer a faster shipping time and a better overall customer experience.

When asked to share a piece of business advice for other entrepreneurs, Sher Yun said that they must first possess the right mindset when starting out.

> "If you're looking to build a lasting brand that has a purpose, know that it takes patience, dedication, and sacrifices to do it.
>
> Many factors are involved when building a sustainable business – your people, customers, costs, processes et cetera. All these takes years and constant refinement to get it right, so be patient about growing your brand while keeping up with trends and innovating.
>
> *– Tan Sher Yun, co-founder of Style Degree*

Citing a quote from the book *Atomic Habits* by James Clear, she added that we often want to see immediate results but "the only way to become excellent is to be endlessly fascinated by doing the same thing over and over. You have to fall in love with boredom."

Featured Image Credit: Style Degree



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