

Nimble Li hopes to expand to other household goods, even appliances

The term *crowdsourcing* is only a few years old, but the idea's been around for a decade. That's when online T-shirt seller Threadless, a pioneer crowdsourcing website based in Chicago, launched. Last year, according to *Forbes*, Threadless had sales of \$30 million. Since then, companies as diverse as P&G, GE and Anheuser-Busch have used crowdsourcing to percolate product and advertising ideas.

"It eliminates a lot of market risk," explains Daren Brabham, a University of North Carolina crowdsourcing expert. The voting predicts which items are likely to sell. That's certainly been the case at Made.com, Li says. "Most of our products have been best sellers."

Li, however, tweaked Threadless's open-submissions model somewhat. Furniture design is much more technical than drawing T-shirt logos, so Made.com typically accepts submissions only from professional designers, although customers can send in sketches as well. It attracts 50 to 100 designs monthly. For every 100 submissions, about 10 go to a public vote, and just two or three end up for sale.

There's also the contention that crowdsourcing pays off better for businesses than it does for the crowd. Threadless, for instance, earns millions while paying up to \$2,500 for winning entries. Li says the 5% royalty he pays designers is high for the industry. Visionary computer scientist Jaron Lanier has argued that crowdsourcing produces derivative products and nothing truly innovative. Perhaps. But from pop music to fashion, tried and true is often what works. "We are trying to appeal to the masses," Li says unapologetically. "We're not trying to sell to only 1% of the market."

The concept's working. Li lined up nearly \$4 million in financing to launch Made.com and says it could be profitable within six months. He plans to finance an aggressive expansion, probably heading first for the world's biggest market: the U.S. He also wants to move beyond furniture. Designer fridges at steep discounts may soon be just a slow boat from China away. ■



SMALL BUSINESS

Sitting Pretty. Using crowdsourcing to design its furniture, Made.com got a business off the ground quickly

BY THOMAS K. GROSE/LONDON

NING LI WAS READY TO PLUNK DOWN ABOUT \$3,000 for a leather Chesterfield-style sofa a few years ago—until he learned from a friend in China, where the sofa was assembled, that the piece cost just \$300 to manufacture. That tidbit of intel not only saved Li a wad of cash; it also got him digging a little deeper into the industry.

He discovered that high-end furniture typically passes through the fingers of seven or more middlemen en route from China's factories to Europe's showrooms. Moreover, the Internet had largely bypassed the sector. "There are very few pure players online selling furniture," he says. "I saw an opportunity, so I went for it."

Li's big idea: Made.com, a seven-month-old U.K. start-up that sells top-quality furniture online at deep discounts by cutting out those middlemen. It's classic disintermediation—what the Web does best. The remarkable thing is that it's taken so long for the furniture market to catch up.

Made.com is also putting its customers at the Web's leading edge by employing a form of crowdsourcing—an increasingly popular method of using the Internet to tap into the creative power of the masses—to generate product designs.

The catch? Customers wait eight to 12 weeks for their orders. That's a time lag many buyers are willing to endure for 50% to 80% discounts: Made.com is selling a shipping container's worth of merchandise a day. Li claims his company's furniture is as well made as the stuff sold by such high-end retailers as Roche Bobois and Conran. "We use the same suppliers," he notes. Unlike some retailers, Made.com offers a free, seven-day return policy in case a buyer is unhappy with an item.

Li, 28, a former investment banker, admits he stumbled onto crowdsourcing because he knew nothing about furniture design. "We figured that consumers would be the best judges for us," he says. Made.com gives designers the opportunity to submit ideas and then asks customers to vote on them. Only the top vote getters are offered for sale.

Crowd Pleasers
Made.com invites designers to submit ideas; customers vote for their favorites, which then go into production. Some top sellers:



Jazz club chair
Inspired by the Art Deco movement.
Cost: \$320



Stroller desk
A nod to childhood school desks.
Cost: \$515



Yoko sofa bed
Modern lines and functionality.
Cost: \$240