

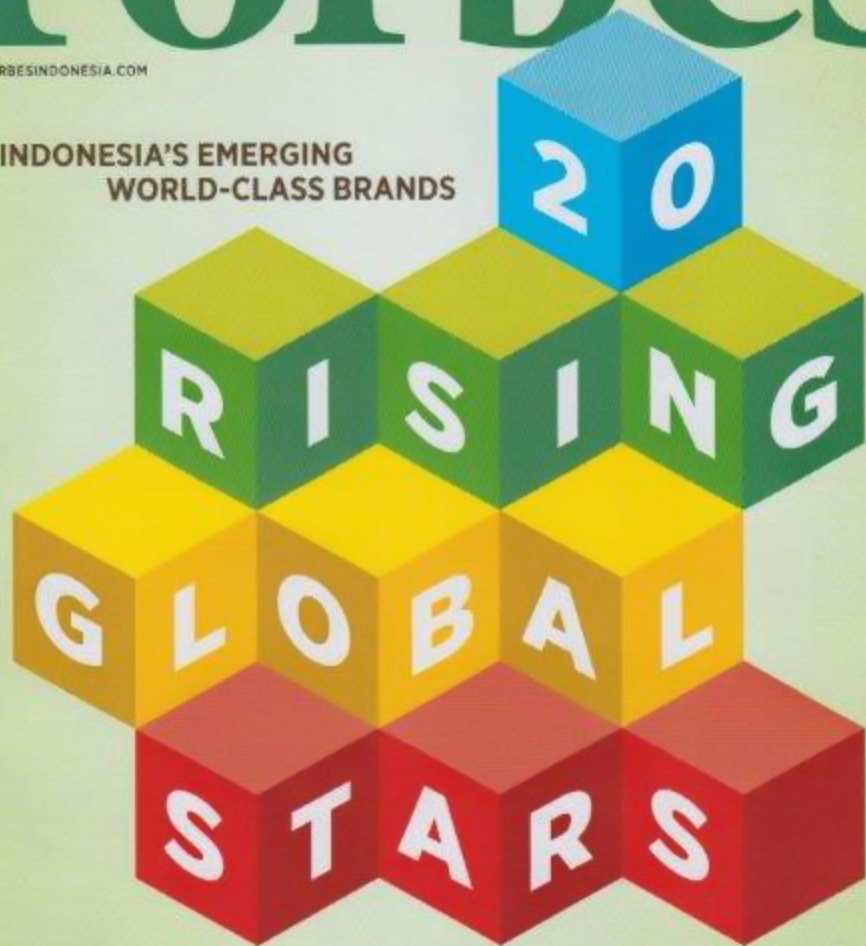
MALAYSIA'S 50 RICHEST

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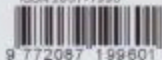
**INDONESIA'S EMERGING
WORLD-CLASS BRANDS**



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Warisan

Warisan has developed a profitable niche in exporting furniture for hotels.

BY ANTON MUHAJIR

Italian Gianpaolo Nogara, 72, has always been interested in antiques and ethnic art. He arrived in Bali in 1986 after sailing around the world. Three years later, he founded his company with a friend, Lucio Brissiolese, 64. The pair invested \$200,000 to establish PT Warisan Eurindo in 1989 as a PMA, using Warisan as their trade name. Gianpaolo became president director.

At first, their main business was repairing and selling Indonesian antique furniture and ethnic art, using 12 craftsmen. They sourced the furniture from Java, particularly from cities such as Malang, Semarang and Surabaya, and sold it mostly to tourists from overseas out of an 8x10 meter showroom in Kerobokan, Bali.

Then in 1991, they had a customer who wanted a desk and chairs, but they

only had a desk. To help him, the pair made some chairs, marking the beginning of Warisan's current business model of producing original furniture.

In Indonesian, warisan means heirloom or heritage, representing something that lasts from generation to generation. The pair, however, wanted furniture that combined the modern with the traditional. "We added more materials and more style. So, now we have modern furniture with some touches of the past," Gianpaolo says. "We make furniture that is everlasting, combining traditional style and contemporary inspiration."

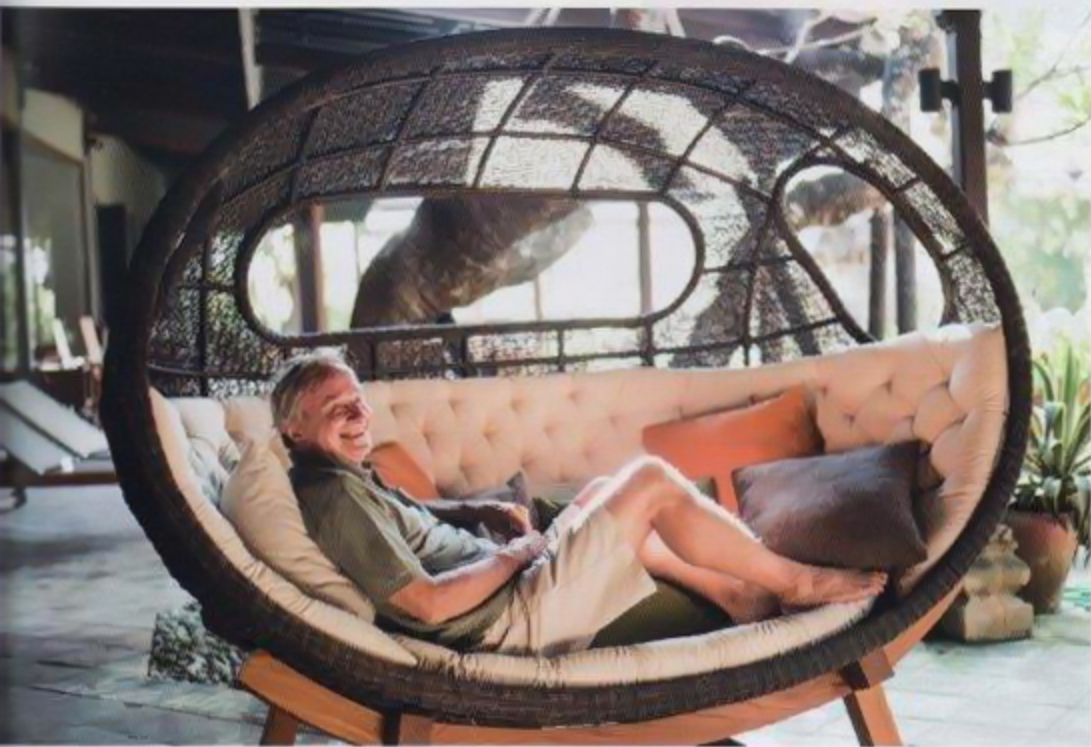
Today, Warisan is a major international success. The company has annual revenues of about \$6 million, and employs 350 craftsmen, plus another 50 staff, mostly in a workshop

in Banyuwangi. However, the pair still have the main office and showroom in Jimbaran, Bali. Warisan also has showrooms in India, Italy, Singapore, South Africa and the U.S. More than 80% of its output is exported under the Warisan brand. In a typical year, Warisan ships about 70 forty foot containers full of furniture—more than one a week. Warisan's biggest markets are the U.S. and the Maldives, although Gianpaolo is looking to expand more into markets such as Malaysia, Thailand and South Korea.

The biggest buyers of Warisan furniture are hotels, including many major global chains such as Banyan Tree, Club Med, Four Seasons, Hilton and St Regis. Warisan products can be found in hotels in Hong Kong, Maldives, South Korea and the U.S. "We don't



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know if it is lucky or this is what we deserved, but we have customers from big names in the hospitality industry," Gianpaolo says.

The entry into the hospitality industry started after the Asian financial crisis in 1997. During the crisis, sales in Indonesia collapsed, as well as from tourism, drying up the two main sources of income. Therefore, the pair took a gamble on overseas sales, opening a showroom in Los Angeles and buying a booth at a major furniture exhibition in Las Vegas.

These efforts helped it secure some international orders. Their first big customer was Disney, which bought furniture for its theme park in Orlando. The Four Seasons also ordered some furniture for a hotel in Costa Rica. "They were very happy,

and kept ordering from us," Gianpaolo says. Disney and Four Seasons remain customers until today, as do many others long-term buyers.

Warisan General Manager Paul Campbell says maintaining and building a customer base rests on having good quality and good service. All products, for example, come with a 12-month warranty. "If we make a mistake, we will correct it. We make a commitment to them and treat them with respect. They will come back to you because they like you," says Paul.

To maintain quality, Warisan oversees the whole process from choosing the materials until production of the finished product. It sources wood from 3,000 hectares of forest owned and managed by the

state firm Perhutani. All wood is FSC certified and managed for sustainability. In addition to wood, Warisan furniture also uses other materials such as metal, stone, glass and marble—all sourced from Indonesia.

Over 85% of production is bespoke, according to the customers' specifications, but Warisan also produces over 500 of its own designs. The price can range from a teak pool lounge for Rp 15.4 million, to an outdoor swinging lounge chair, made from teak, synthetic rattan and aluminum, for Rp 47 million. As most customers come from the hospitality industry, Warisan is dependent on economic cycles. "Furniture is an industry that really depends on the cycle. If there's a slowdown, then we are affected," Gianpaolo says. **E**