Transcript of Podcast: Ep#92 Craig Penty Guarda Group Holdings.

[****](https://www.businessbuyinvest.com/podcast-ep92-fighting-silicosis-with-product-innovation-ft-craig-penty-md-of-guarda-group-holdings-ltd/)*(click above to return to the podcast page on* [*www.businessbuyinvest.com*](http://www.businessbuyinvest.com)*)* **Guest Speakers:**[**Craig Penty:**](https://www.edenexchange.com/companyDirectories/viewProfile/406)*Managing Director of Guarda Group Holdings ltd.*



[**Raghu Rajakumar:**](http://www.edenexchange.com)*Director of Eden Exchange.*[**Ellen Rodgers:**](http://www.edenexchange.com)*Marketing Manager for Eden Exchange.* ***The Podcast***[**Narrator:**](https://soundcloud.com/user-47438929/ep92-fighting-silicosis-with-product-innovation-ft-craig-penty-md-of-guada-group-holdings-ltd)[00:00:00] Hello and welcome to Eden Exchanges, the business journey podcast by Eden Exchange. There are increasing reports of chronic illness including silicosis and even deaths of tradespeople in the Australian media, and the market needs a solution.

Today on Eden Exchanges, we spoke to Craig Penty, MD of Guarda Group Holdings Limited who is working together with Funding Strategies. Guarda Group has designed The Edge Saw and other products to help reduce silicosis and other illnesses caused by silica dust and industrial cutting materials.

Listen as Craig introduces his product line, his distribution channels and strategies and the unlimited potential for growth within the market.

Find out how you can be involved in the project and more.

(*Intro Music*)

[**Raghu Rajakumar:**](http://www.edenexchange.com)[00:00:54] **Hi and welcome everyone. My name is Raghu I'm joined by Ellen Rodgers from the Eden Exchange team.**

[**Ellen Rodgers:**](http://www.edenexchange.com)[00:00:59] **Hello everyone.**

[**Raghu Rajakumar:**](http://www.edenexchange.com)[00:00:59] **Today we're joined by Craig Penty who is the MD of Guarda Group Holdings. Thanks a lot for joining us today Craig.**

[**Craig Penty:**](https://www.edenexchange.com/companyDirectories/viewProfile/406)[00:01:05] *My pleasure.*

[**Raghu Rajakumar:**](http://www.edenexchange.com)[00:01:08] **Now firstly Craig can you tell us a little bit about your background and can you also state how you came to your current role and also what it took to get to where you are today?**

[**Craig Penty:**](https://www.edenexchange.com/companyDirectories/viewProfile/406)[00:01:20] *Sure! My background is in the oil industry. I've worked for about 15 years previous to Guarda for companies like Mobil and BP and Castrol and predominantly in sales and marketing roles. My most recent role I left BP in 2011, I was the Asia-Pacific marketing manager for the lubricant brands for Castrol so that covered sort of all of Asia, Australia, New Zealand and the Middle East. So I've got quite a bit of experience in marketing across the national markets.

That job involved a lot of travel, and about 2011 due to sort of family and personal reasons, I was living in Singapore at the time, we decided to relocate to Perth, and at that point as I was looking for an opportunity.*

*I didn't want to go back into the corporate world and I was looking for an exciting sort of new entrepreneurial if you like, opportunity and then the Gaurda opportunity came up at that point, it was enviro chasing services.

There was a small group of us looking for a business to buy into and what we wanted was something that was sort of doing something on the cutting edge of an industry, being very innovative, very differentiated and we found that in the enviro chasing services business. They were developing, Steve Terpstra the founder (Founder of Guarda Group), he was developing innovative cutting technology in the wall chasing industry and we saw a real sort of potential in that technology so we decided to buy into that business and we did that in 2012.*

[**Raghu Rajakumar:**](http://www.edenexchange.com)[00:03:02] **It's very timely we're speaking now because there's been a lot of reports of serious incidences resulting from Australian workers exposed to carbon monoxide and crystalised silica dust while on the tools. So how does Guarda help mitigate these issues? And do you think the industry is doing enough to combat this?**

[**Craig Penty:**](https://www.edenexchange.com/companyDirectories/viewProfile/406)[00:03:20] *Yeah, a good question! You know, you're right there is a lot of attention in the media lately on the silica dust issue particularly in Australia.

What we've seen is on the East Coast and particularly out of Queensland, these young trades people coming down with silicosis especially in the stone mason industry cutting artificial stone.

When you cut concrete brick in materials like that you release silica dust into the air and then it gets breathed into the lungs and causes a disease called silicosis. So that's been very top of mind for us for a number of years. But really there hasn't been a lot happening from the legislation side or the enforcement around that for some time.

So basically the media attention that it’s been getting recently has really boosted the interest, so Channel 10, The Project, ABC and most of the major newspapers have been publishing these stories and it's really brought the silica dust silicosis issue to I guess the attention of the general consumer.

If you look at places like the US, they've significantly toughened their silica dust standards so that also helps us. So Governments and WorkSafe we've been lobbying them for about five years in WA and we're finally getting some progress on that just over the last sort of six months or so, where they bringing in a new legislation around that in WA commencing 2019 are toughening the standards and doing a lot more in terms of enforcement.

So that really helps our business because we've developed some concrete cutting saws basically in related equipment that greatly mitigates the silica dust. So when you cut, typically silica dust is released into the air and then workers are exposed by breathing that and over time they develop silicosis.

Our technology mitigates that silica dust in a significant way and in fact the independent testing we've had done on that has shown that the silica dust levels, even after cutting all day indoors are below laboratory measurable standards so literally you can almost say there's no silica dust in the air when you're using our new Edge Saw that will be launched in January 2019.

In addition to that we're also focused on the carbon monoxide issue. You might have heard the stories in the media around carbon monoxide poisoning. There's been some tragic cases of gas heaters leaking indoors and entire families are passing away basically from carbon monoxide poisoning.

The same applies in the concrete cutting industry, most of the saws are petrol powered, if you use them in enclosed spaces carbon monoxide builds up very quickly and there's been deaths in the industry using this equipment without proper extraction.

We've developed technology that not only extracts the silica dust, but it also extracts the carbon monoxide from the exhaust and delivers that via our vacuum system outdoors. So basically you're getting two hazards mitigated for the price of one effectively and the two major hazards are both handled by the new technology that we're developing.*

[**Ellen Rodgers:**](http://www.edenexchange.com)[00:06:51] **This has been around for a very long time this situation and obviously it's not limited to only Australia. How is the Guarda Group different from other existing solutions in the domestic and international markets?**

[**Craig Penty:**](https://www.edenexchange.com/companyDirectories/viewProfile/406)[00:07:04] *Yeah, basically these two main technologies around the silica dust suppression that they use on tools globally, they are the globally accepted technologies, the first one is water.

Water gets squirted onto the blade while the cutting is happening and that suppresses some of the dust. The problem with that is it turns the dust into a slurry mist that squirts out of the front of the saw and goes all over the walls and the floors has to be cleaned up later. If it dries and then get swept up it creates the silica dust issue all over again. So it handles some of this immediate silica dust but it has several disadvantages.

The other main technology is not to use water but just use a vacuum attached to the blade guard and then that sucks some of the silica dust that's created during the cutting process into a dry vacuum system. The problem with that technology is that it really doesn't get rid of all of the silica dust, you still often have to use a respirator and then the dry dust clogs up the vacuum and then you have to empty the vacuum later and the dust gets back into the air again.

So everything clogs up and the consumable costs are really high so they're not ideal solutions. So what our technology has done and what's different about our product is we've combined both of those technologies into one system.

So what our Edge Saw will do is, the water gets injected onto the blade but within the blade guard so the blade is covered by blade guard, the slurry is created inside the blade guard and then there's a vacuum operating at same time that sucks all the slurry and the silicon dust away.

And then on the way past down that tube it runs past the muffler and picks up all the exhaust fumes as well, and they get evacuated down the same tube into a vacuum and outside, so you basically get very, very low silica dust levels, no carbon monoxide whatsoever and probably about 98 to 99 percent of the slurry that would normally be created with a wet system is actually removed while you're cutting.*

*The side benefit of that, apart from all the health and safety issues, is there an economic cost and time saving benefits so typically you'll have someone running around after the cutting sweeping up all the slurry. With The Edge Saw you don't need that.

So in the contracting business when time is money you can save manpower costs and you can save on time so you can get to the next job faster. So we don't believe that, you know, in order to improve health and safety you have to compromise on the economics of the job. We've actually shown that you can improve the safety operating system and even also provide enhanced economic benefits to the industry.*

[**Raghu Rajakumar:**](http://www.edenexchange.com)[00:10:01] **Yes so it is very extremely relevant and useful in protecting workers across various businesses and industries. So where are your major markets and what's the response been like to date?**

[**Craig Penty:**](https://www.edenexchange.com/companyDirectories/viewProfile/406)[00:10:16] *We've decided initially to focus on Australia and the US. So I guess we've looked at the whole world because there is a global application for the technology, but we've wanted to sort of prioritize the markets and take a sort of bite sized chunk out of it rather than trying to take on the whole world at once.

So Australia is attractive because we're already in the market. We have connections here, we have distributors and we have a business here already and we know the market well.

The U.S. is extremely attractive because it's huge, and they have really tough silica dust standards which give us a tailwind or give our technology a head start.

Because these standards are so tough, the standard technologies out there are struggling to meet the new legislation in the U.S. so we've got a real opportunity to launch The Edge Saw there, and probably we can say things like with The Edge Saw you don't have to wear a respirator, so you can basically cut with the saw without having to meet a lot of the cumbersome sort of health and safety regulations that you would have to do using conventional technology.

So they're the two focus markets, Europe's also extremely attractive but we will look at that a little bit later on.

We think we've got our handsful with Australia and the US initially. We've got at the moment a couple of distributors in the US and a couple in Australia. They're extremely enthusiastic about the upcoming Edge launch.

That's very encouraging to us because they both longstanding distributors in the industry, they know the industry really well and they can see the market potential of our product. In fact one of the US distributors actually invested in our company. So he really believes in the technology and understands what a difference it can make.

The other thing that really encourages us, if you look at the industry it's dominated by two or three really big OEM brands. They don't do a lot of innovation and they're not very good at innovation, if I can be so bold as say that. They're very large companies and they tend to buy in their innovation and then frankly there hasn't been a lot of really innovative work done around the silica dust and carbon monoxide issues for a long time.

So we think these two markets are particularly ripe for creating a really strong niche market and getting a foothold into those markets.*

[**Ellen Rodgers:**](http://www.edenexchange.com)[00:12:58] **So developing your own product range that's no easy feat, it comes with its challenges along the way. How are you currently generating revenue?**

[**Craig Penty:**](https://www.edenexchange.com/companyDirectories/viewProfile/406)[00:13:08] *So we have an existing business called Enviro Chasing Services in Perth, operating in Perth. That was the business if you like that we initially purchased along with the IP. There is a bunch of patents and trademarks that come with that. So we're generating revenue from that wall chasing business. I'll just quickly explain what wall chasing is because a lot of people might not know what it is.

It's when you have to cut little channels into brick walls when you're building a new house, when it's a double brick construction house, and that's for laying electrical conduit and for plumbing pipe work because most of the construction here in WA is double brick. You actually have to cut channels into the brick to lay those services into the home.

So we've got a business here, it's a franchise business so we have eight franchisees. We give them exclusive use of the wall chasing technology, the saws, and they go out and cut for builders and for electricians and for plumbers.

So we provide to them all of the customers, we do the customer acquisition for them. We provide them with the business model, the saws, we do the debt collection and we basically do the invoicing for them and so we allocate the jobs to them so they go out and cut.

And we basically run the franchise, so we get revenue basically from the income they produce there, and also from the franchise fees that we collect when we sell a franchise.

So that business is growing rapidly now, we may double it year on year in 2019, and the way things are going it's growing so quickly now that we may hit $2 million revenue for the 2019 calendar year, which is a big improvement on last year.

A lot of this growth is coming from the government and WorkSafe finally starting to do something about the silica dust and the carbon monoxide and the manual handling issues in this industry, and what we've seen is a lot of customers coming to us because frankly we've got the best solution and a lot of the other tools that have been used in the past have actually been banned of builders work sites now. So we're in a very strong position to continue growing revenue.

The other revenue that's at the moment coming in is from the product side, but we're only just developing and we're in the early stages of this business so this is the Gaurda business, the saws that we're going to sell to the concrete cutting industry.

The reason we're doing that is we see a lot bigger long term revenue profit potential from that side of the business because the concrete cutting industry is much larger globally than wall chasing. So we wanted to take that IP and transfer it into a potentially much bigger market, so we'll see into 2019 growing revenues coming from that product sales business.*

*The business model was basically we manufacture the products in China, we sell them to distributors in Australia and in the US, and they sell on to the end users and we'll leverage their extensive sales teams to help us get, I guess enhance and distribute coverage in the U.S. more quickly than we'd be able to do if we had to put our own sales force in.

So in summary I guess we're getting some good revenues out of the local business now in the wall chasing business, but in the future we'll see strong growth from the product side and into the medium to long term that would be the bigger revenue generator.*

[**Raghu Rajakumar:**](http://www.edenexchange.com)[00:16:59] **That's interesting. You've talked about your projections for your product and revenue mix there, but to backup though - what are your group's strategic priorities and also how are your team and board of management best suited to achieve this?**

[**Craig Penty:**](https://www.edenexchange.com/companyDirectories/viewProfile/406)[00:17:16] *In terms of strategic priorities, really what in a nutshell what we want to do is use our unique IP to differentiate our products and services and grow brand awareness and distribution. So it's all about differentiation.

We don't want to have #metoo products, we don't want to be taking on big OEM brands, established brands head on, we want to be creating profitable niches through product differentiation and attacking parts of the market that we think they've neglected, which is specifically around the safety handling side of the market.

So a big part of it is to use the IP and the patents that we have to establish a differentiated brand, grow that profitable niche, clearly offer a different and a superior offer and benefits to end users, attract the attention of large OEM companies like Husqvarna and Stihl, because clearly they've got a lot to gain from adopting our technology so we'd like to have discussions with them around that into the future.

Obviously ensuring adequate investment to support our growth plans is a big, big part of it. And then to further develop our product range, we've got a vision of developing a suite of products that all work together, they're all focused on safety with convenience and cost reduction.

So a suite of products that work together seamlessly and are really focused on the safety side of the business. In terms of executing the strategy and in terms of the people, Steve Terpstra is our founder and he's the guy, he's still in the business, he's a major shareholder. He's he's a world class innovator and inventor.

This guy can look at a piece of equipment and figure out how to improve it pretty quickly, you can design a prototype and make it work and it's patentable. So he's a huge asset to our business and he is really central in our plans of continuing down the line of creating differentiated products and working on the R&D side.

My background hopefully in sales and marketing, I've got quite a bit of experience on that side and to international markets as well. So that will help us sort of facilitate, and expand and grow the brand.

In my background I've had a lot of experience in developing new brands and growing brands and really this is a ground up exercise in developing a new brand and actually a new category. So I'm really excited about that, because we've got so many points of difference in so many things to talk about that can excite consumers, and end users and distributors that we are really sort of working to our strengths to do that.

The other thing I think we've done is we've taken a long term view and a partnership approach.

So really we look to build long term partnerships whether that be with distributors and getting them to invest, or with our manufacturing partners in China, one of them we've been working with for nearly three years now, working on quality and product development.
So we don't sort of go in and out quickly, we try to get to know people, develop a relationship.

We we find that that works better at protecting our IP than having patents and having legal agreements especially in places like China, if you actually develop a relationship it counts for a lot.

So our major manufacturing partner in China, we've got a very close relationship with them built up over about three years to the point where the owner of that large business will invite us for dinner to his house, that's the depth of the relationship and we have a multi-layer relationship through his company so that's really critical to our growth plans.*

[**Ellen Rodgers:**](http://www.edenexchange.com)[00:21:28] **Alright so over all, just asking about the bigger picture the strategy what goals do you envision from 2019 onwards? We know you have a saw coming out on the market next year, where do you envision yourself in the domestic market and the international market in the next couple of years?**

[**Raghu Rajakumar:**](http://www.edenexchange.com)[00:21:44] **And can I just add to that, are there any sort of alliances or strategic partners did you think are ideal? I know you know you're working with Mark Rainbird of the team from Funding Strategies...**

[**Craig Penty:**](https://www.edenexchange.com/companyDirectories/viewProfile/406)[00:21:58] *Yes.*

[**Raghu Rajakumar:**](http://www.edenexchange.com)[00:21:59] **So in terms of your ideal alliances are there any particular people you're going for there?**

[**Craig Penty:**](https://www.edenexchange.com/companyDirectories/viewProfile/406)[00:22:04] *Yep. So, yeah we are we are working with Mark and Funding Strategies in terms of the sort of investment side and making sure as I've mentioned before, that's a critical part just to make sure that we've got the cash flows to sort of get the expansion along the lines of what we want.

So the key goals really is about launching that Edge product in early 2019 because that really is a groundbreaking product and we'll really position the whole Guarda brand around that Edge product launch.

Expanding our distributor base is another critical thing and it's not just about getting any distributor with a heartbeat, it's about getting, as you sort of alluded to guys and women that understand our market, understand what we're trying to do and really get in behind and sell our product so it's easy to get distributors, but we want ones that really get our product and have the ability to actually sell something that's different.

We want to further refine our manufacturing capabilities in China and keep building those critical relationships. And then we want to really get some discussions going with the global OEMs and we see that as a potential exit strategy for the business.

Saw brands like Husqvarna and Stihl, other global market leaders, with their distribution and with their brand power they could do a lot more with the technology so we're really keen to continue on with sort of early discussions that we've had with some of them over the years, over the last couple of years, and look to see where there might be partnership opportunities or whatever to sort of expand and develop with their sort of brand power and with their distribution.

We want on the local level, we want to further expand wall chasing business because it's frankly it's helping us generate cash flows at this point which is really useful.

There is potential to expand that business globally and selectively and to markets where wall chasing is prominent.

We've got company in Ireland at the moment testing the technology, because they do a lot of wall chasing there. So we may look at selling master franchises using the wall chasing saws and that technology.

So there could be sort of other opportunities for us that don't entail a whole lot of work because we'd have a master franchisor that would look after the business in that country. And then finally I guess it's really just about further developing the products, the other products, the related products like the fume tube, like we've got a fume pump product that allows users to basically extract the dust and the fumes when they're cutting outdoors where there's no electricity to plug a vacuum into for instance.

We've got a fume pump that runs on petrol that can be used outdoors so it's further developing that suite of products that all work together, and create a healthy safe work environment, protect the workers from silica dust and carbon monoxide, save companies money at the same time and save them time.

So really they're the sort of key goals for 2019 and then obviously looking further afield, we would look selectively at other markets that are attractive to us and especially some of the large developed European markets where we've already got some interest in the technology.*

[**Raghu Rajakumar:**](http://www.edenexchange.com)[00:25:41] **Fantastic, look it's been extremely interesting talking to you today Craig about Gaurda's growth trajectory.

We do encourage anyone interested or potential interested parties to enquire. You can head to the Funding Strategies website at www.fundingstrategies.com.au.

Alternatively there'll be a contact us box near this podcast so feel free to submit your details and we'll get the ball rolling with one of the team there.

Again, Craig look extremely interesting and useful stuff you're doing in terms of both helping the market, helping the Australian worker, and international workers plus the unique business proposition you have there.

So we'd love to have you up on our podcast again soon for an update.**

[**Craig Penty:**](https://www.edenexchange.com/companyDirectories/viewProfile/406)[00:26:26] *Thank you very much. Thanks for your time. I've really enjoyed it.*

*(Outro Music)*

[**Raghu Rajakumar:**](http://www.edenexchange.com)[00:26:29] (*over outro music*) **Thanks Craig!**

[**Craig Penty:**](https://www.edenexchange.com/companyDirectories/viewProfile/406)[00:26:29] *(over outro music)* *Thanks*

[**Narrator:**](https://soundcloud.com/user-47438929/ep92-fighting-silicosis-with-product-innovation-ft-craig-penty-md-of-guada-group-holdings-ltd)[00:26:38] *(Over outro music)* Eden Exchanges was brought to you by the team at Eden Exchange. In this episode we spoke to Craig Penty, M.D. of Guarda Group Holdings Ltd, working with Funding Strategies.

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Thanks for listening.

**End of Podcast**

**References:**

 ***The Edge Saw-*** *A patent design minimising the harmful exposure of silica dust utilising both water and vacuum technologies.*



***The Fume Tube-*** *A patent design vacuum attachment which sucks up the silica dust.*

***About Guarda Group Holdings***

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[*Guarda Group Holdings*](https://www.edenexchange.com/companyDirectories/viewProfile/406) *is the holding company of several subsidiary companies that develop, manufacture and sell concrete cutting saws and related equipment. The Company also offers safer wall chasing services to domestic builders via the Envirochasing brand. Guarda products mitigate deadly Carbon Monoxide (CO) and Crystalline Silica Dust that saw operators are exposed to. Guarda products and services are covered by extensive patents and are highly sought after in both domestic and international markets.*

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