

Director Briefing with Greg McLardie – CaroMel Ltd

Greg McLardie
Managing
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CaroMel



In this Director's Briefing Greg McLardie, MD of CaroMel Ltd discusses:

- **Innovative digital platform connecting fisherman and farmers with high-end restaurants in China**
- **Disrupting seafood supply chains to improve traceability, quality and profitability**
- **Leveraging market trends and dynamics**

With rapidly growing wealth in Asia, demand for luxuries and high quality foods continues to rise. China is expected to account for 44% of the global personal luxury market by 2020. As a result, innovative companies have emerged focusing on new ways to connect markets around the world.

Eden Exchange recently spoke with Greg McLardie, the Managing Director of **CaroMel Ltd**. CaroMel Ltd believes the “Dining Boom” has only just begun. The Company aims to connect fishermen and farmers directly with high-end restaurants and their end consumers. Initially the Company is focusing on the supply of Southern Rock Lobster (SRL) and Abalone to high-end restaurants in China.

Eden Exchange

Thanks for speaking with us Greg. Firstly, what brought you to the leadership position at CaroMel Ltd? Can you tell us a bit about your background and experience?

Greg McLardie

Driving me has always been the strong desire to build something with such a strong foundation, that it will last for generations. I’ve always wanted to build a noble company that would make a difference. I saw the greatest opportunity in the food industry. My career began at Ernst & Young in Sydney as a

Chartered Accountant. After completing an MBA at the Kenan-Flagler Business School at the University of North Carolina, I spent four years in finance at Procter & Gamble's headquarters in Cincinnati and then moved to the marketing division. I took to marketing like a duck to water and became a brand manager. At Procter and Gamble, I learned about branding, innovation, fact-based decision making and ethical business.

After my wife and I moved back to Australia to raise our kids, I joined Pacific Brands Food Group, Australia's biggest, branded, food company at the time. Soon I was sent to Tokyo as Regional President of the Food Group, where I was exposed to the Japanese and Korean food industry. After Pacific Brands Food Group was divided and sold off, my wife and I bought a market leading food business, which was an amazing experience. We sold that business. My journey in the luxury seafood sector started after I become the CEO of an abalone business with the aim of modernising a cottage industry.

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In simple terms, what does CaroMel Ltd do? How is it different to other platforms in the market? Why have you focused on the food supply sector?

Greg McLardie

We enable the direct connection of fishermen and farmers with high-end restaurants in China. Middlemen currently comprise approximately 49% of supply chain costs yet add little value to fishermen or restaurants other than moving product from point A to point B. Eliminating supply chain costs and better meeting the needs of restaurants and their patrons improves profits for fishermen and restaurants.



“Our digital platform allows orders to be received from and shipped directly to the restaurant in China.”

For example, over 90% of annual Australian southern rock lobster catch ends up in China. Currently fishermen sell to exporters who sell to the Chinese illegal “grey channel”. They then sell to wholesalers who on-sell to restaurants. The “grey channel” transports these lobsters into Hanoi or Hong Kong, and then smuggles them across the border to avoid Chinese tariffs and taxes. Neither fishermen nor exporters directly contact end customers, typically restaurants. Traceability of origin is not possible.

Our digital platform allows orders to be received from and shipped directly to the restaurant in China. It disrupts the supply chain. The restaurant receives a product with proven traceability and provenance. Restaurant patrons receive an enhanced food experience. Participants in the supply chain become strategic partners who ensure the profitability and experiences of fishermen and restaurants improves.

Why focus on food? Wealth growth through China and Asia is one of the great stories of our time. As wealth grows, people consume more proteins. The “Dining Boom” has only just begun. Australia has a great reputation in China for our environment, practices and regulations, leading to an enviable reputation for food safety and quality.



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Initially what specific markets will CaroMel focus on? Where do you expect the greatest demand for the product to be from, and how has the market response been like to date?

Greg McLardie

Let me start with your last question first as this always gets me revved up. The managing director of a leading luxury restaurant in Shanghai told us, “In the world of food, no one is doing what CaroMel is proposing.” This is from a Michelin restaurant sourcing the best food from around the world.

Initially, China will be the focus. As we connect more farmers and fishermen with high-end restaurants, more opportunities will emerge. End users are already keen for us to move into a range of products. Once we gain traction we expect to move into other high-end seafoods, proteins and foods as well as high-end restaurants in other countries. Also, because we have the infrastructure for a direct to restaurant service, we expect it will be straightforward to offer a direct to consumer service in China.

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How will you generate revenue?

Greg McLardie

There will be a per kilo fee for our service. CaroMel will be transparent with fishermen, farmers and restaurants. We believe transparency will lead to trustworthiness. One of the things that frustrates fishermen is the lack of transparency. Fishermen have no clue what happens with pricing or the end customer experience once they sell to exporters.

The opportunity to value add beyond simply providing ‘goods’ is enormous. The benefits of our digital platform will build loyalty and drive repeat business. Brand loyalty will ensure that CaroMel is ideally placed to take advantage of opportunities, especially in regards to enhancing the food experience for restaurant patrons.

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What are the next steps before you can scale the platform substantially? Is your business model reliant on acceptance by a large numbers of users or can securing a few key cornerstone clients be enough for the Company to leverage off?

Greg McLardie

We have already conducted a number of direct to restaurant trials which have exceeded our expectations. Based on our meetings with restaurants in China, volumes can be substantial with a few cornerstone clients. We have customers who are excited. It is important we deliver on that excitement.

At the same time, while we want to excite the fishermen by increasing their profits, power and prestige, we need to show CaroMel’s model is sustainable through positive cash flows. Once we tick these boxes, we plan to IPO to raise the funds for aggressive expansion. If you don’t make dust, you eat it.



“The restaurant receives a product with proven traceability and provenance.”

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What stage of development is the business in? How has this evolved since you first incorporated CaroMel Ltd?

Greg McLardie

We are in the process of completing the build of our platform and brand, with the intention to launch soon. But wow, what a journey. Steve Jobs said “you can’t connect the dots looking forward; you can only connect them looking backwards. So you have to trust that the dots will somehow connect in your future.” We believe this and are aware that rapid adaption to market dynamics is the key to a successful disruptive service.

In fact, our business model has already pivoted. We initially focused on aggregating the high-end seafood sector, by raising tens of millions to buy seafood quota assets and processors. This changed dramatically in mid-December 2016, when I received a call for help from a fisherman leader who was told by a big exporter that fishermen had to accept lower prices in the future. With so much change around us from China’s growth, digital disruption, big data and weak western political leadership, it is critical we have the agility to learn, change and morph continuously.

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CaroMel Ltd has installed an experienced board and management team. How important have these appointments been? What opportunities do they create for the Company?

Greg McLardie

The board and management team have been brilliant. Lou Vilella (Non-Executive Director) has long-term experience in China and he understands the high-end seafood industry very well. Wayne Hayes (Non-Executive Director) built his own IT business providing supply chain solutions in Australia and Asia.

Gerard Dempsey (CFO) has been exceptional over the journey so far. His financial modelling and perspective have been crucial. Stuart McLardie (Brand Manager), has FMCG marketing experience, including digital marketing and social media. He brings terrific energy, can-do attitude and fresh thinking. Also, our platform builder has tremendous passion for his craft. He’s a rock star! He already has significant runs on the board.

James Zhai (CEO, China) brings insight and perspective on China. He has had twelve years as a CEO with his head office in Shanghai. He also has connections in China’s government and commerce. Clay Maxwell (Advisor) is from Peer Insight, which advises on digital disruption. Finally, Dr Martin Vogel has coached our team to achieve the extraordinary.

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What major industry trends do operators in your sector need to be aware of? How will CaroMel Ltd capitalise on these trends? Is this a good time to be connecting and authenticating food products in Australia and globally?

Greg McLardie

I believe that in two hundred years people will say the wealth growth in China and digital disruption are the stories of our time. China is expected to become 44% of the global personal luxury market by 2020. We are seeing it emerge as arguably the world’s most brand and prestige oriented market.

Despite this, there is a brand vacuum in premium agricultural products. The wine industry has taught us that strong branding and romancing provenance is a winning combination, particularly in China. Branding will differentiate CaroMel. It provides a point of difference to our restaurant partners.



“People want to know exactly where their food comes from.”

Traceability, provenance and food safety are trends in the international food industry. People want to know exactly where their food comes from and they are willing to pay a premium for proven provenance.

In the USA, over 50% of seafood sold is misrepresented. In China, it is a much bigger issue. There have been high profile food safety disasters in China, such as the fatal baby formula manufacturing scandal. In response, the Chinese government regulated traceability back to farm locations and names of fishing vessels. However, many industry players ignore this or avoid this regulation. In China or any market, you do this at your peril.

An enriched food experience is another international trend. Look at the abundance of quality cooking shows in Australia. You see more food theatre in high-end restaurants and more exotic genres, styles and cultures of cooking.

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What are some of the key achievements you are proud of at CaroMel Ltd? On the other hand, what have been some challenges getting the company to where it is today?

Greg McLardie

I am proud of the relationships built in China, and amongst the fishing and farmer communities in Australia, New Zealand and North America. I am proud we have partners through the supply chain who

believe in what we are doing. They support our vision of exciting fishermen, farmers and restaurants and maximising their profits. They know that if we achieve our vision, we can have a dramatic impact on those industries while doing very well ourselves.

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Where do you see the business in three months and a year from now? What are your strategic priorities?

Greg McLardie

In three months we expect to have the digital platform and traceability at a stage where revenues will grow. A year from now I would like to see CaroMel preparing for IPO so we have the working capital to expand. Unlike the traditional business model, we do not need to acquire hard assets to expand. I love our business model and seeing the responses from fishermen and leading restaurants has been brilliant. The strategic priority is to execute with equal brilliance and to build a culture where we relentlessly focus on delighting farmers, fishermen, restaurants and end consumers.

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Thanks for your time Greg

About CaroMel Ltd

CaroMel Ltd aims to connect fishermen and farmers directly to high-end restaurants and their end consumers. Initially the Company will focus on the supply of Southern Rock Lobster (SRL) and Abalone to high-end restaurants in China. To find out more about CaroMel Ltd [click here](#).

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