

Grandwork selling eco-friendly plans

Interior design and furnishing firm hoping to raise \$8-10 million to produce eco and health-friendly products, reports **CHEN HUIFEN**



GRANDWORK Interior has exciting plans on the drawing board – and is looking for backing to help turn them into reality. To cater to rapidly growing interest in eco-friendly products, the interior design and furnishing company hopes to raise \$8-10 million to invest in factory premises, manpower and machinery, says managing director Jay Chiu. “We are open to various options – IPO, private equity, investors, banking facilities or a combination of these.”

While financing options are still in the works, Grandwork has already mapped out business strategies. For instance, it plans to expand into trading formaldehyde-free wood panels by the second quarter of next year, in anticipation of rising demand in developed countries.

“Going eco and health-friendly is almost a fad now,” says Mr Chiu. “Our formaldehyde-free product fits this trend. And we also want to diversify to bring in revenue in other ways.”

Essentially, formaldehyde is a chemical used in furniture adhesives and coatings. But it has been found to be linked to cancers in cases of unusually high or prolonged exposure. Also, some people may be sensitive to it, suffering short-term effects such as coughing, tearing and nausea.

Seeing that regulators in Japan, the US and the Europe are becoming more stringent with the allowable level of formaldehyde emissions in the air, Grandwork foresees formaldehyde-free products becoming increasingly popular.

“As people here get more health conscious and affluent, they will start to look at what developed countries have adopted, and this may run in unison with Singapore’s go-green campaigns. For example, in developed countries, more parents are keeping a lookout for what might harm their children and asking for formaldehyde-free furniture.”

Grandwork, whose clients include Club 21, Bvlgari, Prada, Kinokuniya Book Stores and Takashimaya Space

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– Grandwork managing director Jay Chiu

Create, was set up in 1996 as an interior design and furnishing company. Its core strength is planning and installing custom-made furniture and fit-out works for commercial and residential projects.

Most of the materials it uses are imported and customised to the client’s specifications. With the move to trade formaldehyde-free products, the company will be going up the value chain.

Leveraging on its B2B channels, Grandwork will distribute its new range of formaldehyde-free products to other businesses. Following that, it intends to make modules for consumers as well.

In line with exploring the consumer market, the company has decided on an image overhaul – with a new logo and new marketing strategies in the works. It is also scouting for bigger premises to accommodate growing business.

Its current factory in Ang Mo Kio is about 25,000 sq ft. “Premises of 60,000 to 80,000 sq ft would be ideal to house the growing capacity of our production, manpower and machinery,” says Mr Chiu.

Grandwork’s expansion plans also include making a name for itself in India, he says. “India is still a largely untapped market, with huge potential in years to come.”

“Numerous brands have blueprints to penetrate the market, but due to the teaming red tapes, operations may not be smooth sailing.

“Nonetheless, with global economies moving closer, India will gradually open up. Demand will be stirred for big international brands as well as local ones – and that’s

where our forte is. We aim to enter the Indian market by working with local partners by 2010-2011. Cities like Mumbai, New Delhi and Hyderabad are a few examples.”

Besides Singapore, Grandwork already has a presence in Malaysia, Indonesia, Thailand, Japan and Dubai. Last year, profit rose 42.5 per cent to \$2.85 million on a 54 per cent increase in turnover to \$37 million.

But since late last year, Grandwork – like others – has been hit by the global economic crisis, especially in overseas markets. Projects have been put on hold or delayed. Fortunately, this is offset by strong business at home. The company won deals for projects at the two integrated resorts, as well as revamped and new malls along Orchard Road. At Orchard ION, for instance, Grandwork was responsible for the interior works for Prada, Valentino, Giorgio Armani, Dolce & Gabbana, Max Mara, Max & Co, Diane von Furstenberg and Marina Rinaldi.

The economic slowdown has had a silver lining too – it has become easier to recruit. As a group, Grandwork employs about 220 staff, 10 of them hired during the recession. Mr Chiu says that the downturn resulted in a greater pool of talent for hire. The company is still on the prowl, and aims to recruit another 50 staff over the next two years for quantity surveying, project management and drafting positions.

In five years, Mr Chiu sees Grandwork as a profitable listed company with much bigger turnover. “With the expansion schemes we have in place, we hope our presence can be felt beyond current markets and even in the B2C space,” he says.