A Framework for Higher Productivity

Organisations can adopt SPRING Singapore’s Business Excellence framework to achieve higher productivity and competitiveness.

WASTE IN, FERTILISER OUT
Supported by investments from SPRING SEEDS Capital, Biomax Technologies plans to bring its innovative waste processing solution to new markets overseas.

POWERING INNOVATION AND GROWTH
With equity funding from SPRING SEEDS Capital, Third Wave Power strengthened its R&D team and expanded its product range for its overseas ventures.
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Two public sector and one private sector organisation won top honours at the Business Excellence Awards 2012. They received their trophies from Mr Tharman Shanmugaratnam, Deputy Prime Minister (DPM) and Minister for Finance at the Business Excellence awards presentation ceremony on 20 November.

Wing Tai Retail Singapore and Singapore Customs won the Singapore Quality Award (SQA), while the Singapore Prison Service was awarded the SQA with Special Commendation. All three winners had demonstrated how adopting business excellence practices have led to productivity improvements and success for their organisations.

DPM Tharman said SPRING’s Business Excellence initiative enables businesses to benchmark themselves against industry leaders. It can help businesses to look at excellence and innovation holistically and systemically, and identify opportunities for breakthroughs and improvements.

SPRING and WDA to Train Productivity Consultants for Retail, Food Services and Manufacturing

SPRING Singapore and the Singapore Workforce Development Agency (WDA) have set aside $2.3 million to roll out two programmes to train 90 productivity consultants for the retail, food services and manufacturing sectors over three years under the “Productivity Consultancy Training Programme” initiative. This was announced by DPM Tharman at the Business Excellence Awards Presentation Ceremony on 20 November.

SPRING and WDA had engaged the Japan Productivity Center (JPC) to develop a “Productivity Consultant Training Programme (Retail and Food Services)” which is customised for the local retail and food services sectors.

WDA is also partnering A*STAR’s Singapore Institute of Manufacturing Technology (SIMTech) to roll out a “Manufacturing Productivity Associates” initiative to support manufacturing companies in developing and implementing productivity improvement initiatives.

Boosting Productivity in the Food Services Industry

Since the launch of the five-year $75 million Food Services Productivity Plan in April 2011, more than $13 million have been committed to support over 190 companies. Mr Lim Hng Kiang, Minister for Trade and Industry announced this when he launched the inaugural Singapore International Restaurant Show (SIReShow) 2012 at the Food Services Productivity Conference on 20 November.

Minister Lim also announced new funding for the Restaurant Association of Singapore (RAS) under the Local Enterprise and Association Development (LEAD) programme. He also added that a new Productivity Centre will be set up for the services clusters next year, targeting the retail and food services industries for a start.

ACE and MOE to Step Up Entrepreneurship Learning in Schools

The Action Community for Entrepreneurship (ACE), in collaboration with the Ministry of Education (MOE), has set out recommendations to cultivate an entrepreneurial mindset among students and support those with good ideas to start their own business.

ACE Chairman Mr Teo Ser Luck, who is also the Minister of State for Trade and Industry, announced this at the opening of the ACE Entrepreneurship Week on 9 November. He said the ACE Entrepreneurship Education task force had completed its review and put forward recommendations for a more structured approach towards entrepreneurship learning among students. The recommendations, which will cost $15 million to implement, will make an impact on more than 1,000 students and support 750 student ideas over the next three years.

Look out for an 8-page special on the Business Excellence Global Conference in the January 2013 issue of SPRINGnews for additional insights!
To maintain a competitive edge in today’s global economy, organisations must cope with the dual challenge of creating more value for their customers while improving productivity. They can achieve this by streamlining work processes, building innovation capability and developing their people.

The Business Excellence (BE) framework was introduced in 1994 to help organisations strengthen their management practices and achieve higher productivity. It covers seven key aspects of managing productivity in organisations: leadership, planning, information, people, processes, customers and results. The framework helps organisations to analyse their existing performance, set priorities, implement initiatives and evaluate results for each of the seven dimensions.

“The internationally benchmarked business excellence framework enables organisations to drive strategy effectively by leveraging their people, resources and processes to deliver customer value and business results,” says Professor Cham Tao Soon, Chairman of the Singapore Quality Award (SQA) Governing Council.

Key to productivity gains
The involvement of people in the continuous improvement and transformation of business processes is fundamental to the BE approach. It is built around the belief that every employee in the organisation is involved in productivity improvements, from top executives to junior employees.

Leaders must lead by example, set clear directions and take action to drive improvements, while employees must fully understand the purpose and support these efforts. The BE framework helps to rally everyone in the organisation to move in the same direction to improve productivity and create customer value.

Any organisation, regardless of size, complexity or sector can use the framework and derive value from it. To date, some 850 organisations employing about 550,000 workers, or 20 per cent of Singapore’s workforce, have been certified to various standards based on the BE framework.

The framework is also supported by three niche standards for people, innovation and service. Based on their needs and strategies, organisations can use any of the BE standards to enhance their capabilities to achieve milestones as they progress on their excellence journey, such as the Singapore Quality Class (SQC) and the SQA.

Impact of the BE framework
Organisations that have implemented the BE framework were found to perform better than their industry counterparts. A BE Impact Study done by the National University of Singapore (NUS) on 220 BE companies found that a one per cent improvement in productivity led to a two per cent and five per cent increase in operating profits and revenue growth respectively.

On average, these companies enjoyed 11.5 per cent higher labour productivity and 13.5 per cent higher profit margin than their industry peers. BE organisations that have focused on improving the competencies of their staff have also achieved a customer satisfaction rate of 81.4 per cent despite rising customer expectations.

Integrated chemical solutions provider MegaChem is one company that improved its productivity and business performance as a result of adopting good management practices. Besides rewarding staff for their performance using the Balanced Scorecard system, MegaChem also places a great emphasis on staff development.

For example, the company has a programme that provides financial assistance for eligible staff to further their education. A talent development programme called “Hi-Po” was also started to groom high potential executives.

As a result of its people-centric management efforts, MegaChem’s revenue grew by 12.6 per cent in three years to over $100 million. With investments in automation and staff training, manpower expanded at a slower pace of six per cent, which resulted in a six per cent productivity growth over the same period.

Starting your journey
This year, three organisations won top honours for their significant achievements in business excellence. The three Business Excellence Award winners for 2012 are Singapore Customs, Singapore Prison Service and Wing Tai Retail. Read on to learn how they have used the BE framework to strengthen their capabilities and enhance productivity.

Organisations interested to adopt the BE framework can consult experienced practitioners or assessors through SPRING’s Business Excellence Clinics. Briefings will be conducted to give interested organisations an introduction to the Business Excellence standards and requirements. More information can be found on www.spring.gov.sg/be.

A Framework for Higher Productivity
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Unlocking Efficiency in Prison

Singapore Prison Service couples a people-centric strategy and culture of innovation to ensure the secure custody and effective rehabilitation of prisoners.

While crime reduction policies of the past have largely focused on prison sentences, the rehabilitation of offenders is a key priority of the Singapore Prison Service (SPS) today. As Captains of Lives, the SPS balances the needs of secure custody and discipline with its aim of helping offenders to ‘restart’ their lives.

Hiring people who are dedicated to this vision is key to achieving this goal, says Mr Soh Wai Wah (right), Director of Prisons. “We offer officers a compelling mission of being Captains of Lives. It is important to attract the right people who are passionate about steering offenders back onto the right path,” he adds.

Staff training and development
Suitable candidates are identified for the demanding role of a prison officer through psychometric tests before undergoing comprehensive training, starting with the Basic Officers Course. The course provides on-the-job training, which allows trainee officers to apply their knowledge in an actual prison setting under the mentorship of experienced officers.

“Being in the people business, leadership is important. We have a talent management programme to groom high potential officers to assume leadership positions in the organisation. This includes sponsoring suitable candidates for further studies,” says Mr Soh. In addition to individual training roadmaps, annual surveys are conducted to assess each officer’s competency gaps, which are then addressed through coaching.

Harnessing technology
Managing an inmate population of about 13,000 with a staff-to-inmate ratio of 1:7, the SPS has had to leverage technology to enhance operational efficiency. Mr Soh says that there have been no cases of major riots or hostage situation to date, nor any escapes, thanks to the introduction of a state-of-the-art keyless security system.

Another initiative that has enabled the SPS to improve productivity is the Inmate Self-Service Kiosk (iKiosk). The touch screen iKiosk allows inmates to perform administrative tasks on their own, such as making standard redemptions or printing personalised letter forms to stay in contact with their loved ones. In the past, inmates had to convey their requests verbally to their prison supervisors.

“The iKiosk reduces routine interactions and allows prison officers to focus on purposeful staff-inmate interaction and rehabilitation,” says Mr Soh.

In addition to increasing efficiency, Mr Soh sees the kiosk as an opportunity for inmates to familiarise themselves with technology, which is one way to help them assimilate into society upon their release.

Continuing its journey of excellence
SPS’ people-centric strategy and commitment to excellence has paid off. Inmate recidivism – the percentage of local inmates who are released and subsequently detained or convicted and imprisoned again for a new offence within two years of release – fell from 44.4 per cent for the 1998 release cohort to 26.7 per cent for the 2009 cohort.

This year, SPS clinched the Singapore Quality Award (SQA) with Special Commendation, after its first SQA win in 2006. Despite achieving this prestigious accolade, Mr Soh says the journey of organisational excellence is not over yet.

“We need to continue to improve and benchmark ourselves against the best organisations. I hope this award will inspire our officers, partners and the public to further the cause of rehabilitation and being Captains of Lives,” notes Mr Soh.
For Wing Tai Retail, succeeding in today’s fast-paced world of fashion requires more than just keeping up with the trends. The company, which manages a portfolio of 15 fashion brands including Topshop and G2000, also aims to provide a delightful shopping experience for its customers.

Technology, says Mrs Helen Khoo, Wing Tai Retail’s Executive Director, has played an important role in helping the company understand the diverse expectations of its customers better.

Winning customer-centric strategies Despite being in a front-line business, Mrs Khoo believes in the importance of strengthening the company’s back-end processes. To improve its operational efficiency, Wing Tai Retail implemented the Retail Enterprise Resource Planning System, which offers real-time information such as the sales performance of each outlet, inventory levels, average transaction values per store and store traffic. It also allows Wing Tai Retail to benchmark its performance across different business units and sister companies in Malaysia.

By using this system, store managers can allocate manpower more efficiently and take steps to improve performance quickly. For example, more employees will be scheduled to work during peak hours, such as during the lunch hour and evenings. Wing Tai Retail has seen annual cost savings of $500,000 since the system was introduced.

Understanding customers better Wing Tai Retail also invested in a Customer Relationship Management (CRM) platform to identify the shopping behaviour of its customers.

“The CRM platform is more than just a loyalty programme. The system provides good visibility of our customers’ preferences – what they usually purchase and where they like to shop. With such insights, we are able to take on an advisory role to recommend our products to them in a more personalised manner,” explains Mrs Khoo.

The platform has also enabled the company to cross-market its brands and introduce a wider range of brands to its customers, leading to a 36 per cent increase in average transaction values.

Comprehensive staff development Wing Tai Retail recognises that excellent service is delivered by competent, motivated employees. As such, the organisation places a strong emphasis on training and development.

Besides charting out career pathways for new employees and providing vertical career progression, the company has also developed specialised tracks such as operations, fashion styling and visual merchandising. This ensures that every employee gets the opportunity to move laterally. For example, a Fashion Coordinator can be groomed to become a Personal Shopper or Stylist, depending on his or her passion and expertise.

This people-centric strategy has proven to be a successful one. Wing Tai Retail has won numerous accolades in recognition for its service excellence, including the Singapore Service Class & People Developer certifications.

While winning the Singapore Quality Award (SQA) this year was a significant milestone for Wing Tai Retail, the organisation is not resting on its laurels, says Mrs Khoo. “The business excellence framework has offered us a systematic approach to managing the business and identifying gaps. We will continue to improve our processes and use technology to deliver greater value to our customers.”
Making Trade Easy, Fair and Secure

From providing innovative solutions to facilitating business needs, continuous improvement lies at the heart of Singapore Customs’ success.

At Singapore Customs, process improvement is a way of life. As the nation’s lead agency on customs and trade regulatory matters, it constantly explores innovative ways to make trading compliance a hassle-free experience in Singapore.

“The old saying, ‘if it ain’t broke, don’t fix it’, doesn’t apply to us. In the world of customs, things change quickly and we must pursue higher levels of excellence and push ourselves to do things differently to remain relevant,” says Mr Fong Yong Kian (right) Director-General of Singapore Customs.

Revolutionising the trading system

Singapore Customs has harnessed information technology to respond to changing business needs. For example, its TradeXchange platform facilitates the exchange of information in the trade and logistics industry and with the government, which eliminates the need for multiple data entries. As a result, companies have been able to cut down the preparation time for trade declarations by half.

Businesses now only need to go through a single assessment to review the eligibility for schemes offered by Singapore Customs. A dedicated account manager will be assigned to advise the company on suitable schemes and areas for improvement.

Customs-business partnership

Mr Fong believes that a close Customs-business relationship is important in order to build a conducive environment for trade, so regular dialogues are held with traders and businesses before any changes are made to regulations or processes.

The aim is to transform the organisation’s relationship with businesses from a regulatory one to a consultative partnership. “We put ourselves in our customers’ shoes and look at what really matters to them. Because we see them as our partners, we find solutions that will benefit them as well,” he adds.

He shares how its pro-enterprise strategy has helped a luxury yacht distributor to enjoy cost savings. Faced with hefty import taxes of $70,000 to $560,000 to showcase its yachts in Singapore, the company approached Singapore Customs for assistance to suspend payment for Goods and Services Tax (GST) until the vessels are re-exported or sold. Singapore Customs extended its existing Zero-GST Warehouse Scheme (ZGS), which only applies to land-based storage areas, to include sea-based storage areas so that the company could have its yachts berthed at designated wharf areas without having to pay import GST.

Culture of innovation

A first-time winner of the Singapore Quality Award (SQA), Mr Fong believes that one of the keys to Singapore Customs’ success has been its approach to innovation.

“‘Innovation is a mindset. We believe that every employee is capable of innovation. If we all make a few small improvements, collectively, a big difference can be made,” says Mr Fong.

He adds, “Business excellence will not be sustainable if our people are not equipped with the right skills. Most importantly, they must have a sense of mission and share our values so that they will want to be a part of this whole process of moving forward.”

“We put ourselves in our customers’ shoes and look at what really matters to them. Because we see them as our partners, we find solutions that will benefit them as well.”

Mr Fong Yong Kian, Director-General, Singapore Customs
One of the key challenges faced by any start-up is securing funding for the initial stages of development and growth. To help address this need, SPRING Singapore established the SPRING Start-up Enterprise Development Scheme (SPRING SEEDS) in 2001.

SPRING SEEDS is managed by SPRING SEEDS Capital (SSC) Pte Ltd, a wholly-owned subsidiary of SPRING Singapore, and partners local angel and venture capital investors to provide start-ups with equity-based co-financing. Since 2001, SSC has invested more than $70 million in close to 200 start-ups and catalysed a further $90 million from private investors.

SSC’s capacity to support start-ups saw a significant jump in 2011, with the accreditation of seven new business angel partners, bringing the total under the Business Angels Scheme (BAS) to nine. Of the $17 million in investment committed so far in 2012, close to two-thirds, or $12 million, came from the investors under the BAS, highlighting the growing role that private sector investors are playing in funding Singapore’s start-ups.

The importance of angels
While funding is the most obvious form of support provided by early stage investors, there is much more that they provide, says Mr Tan Kai Hoe, SSC Chairman and Deputy Chief Executive of SPRING Singapore. “The investors under the BAS have a vital part to play in the seeding of young companies because the start-ups require more hand-holding and mentoring during the formative stages.”

Angel investors bring extensive experience that can determine the success of a start-up. “With the BAS, start-ups have the opportunity to work with some very seasoned angel investors, who bring along a unique combination of business expertise and financial knowledge. Not only do they understand the unique financing challenges of start-ups, they are also able to provide the guidance and networks to help these start-ups grow from day one,” adds Mr Tan.

A diverse portfolio
Over the years, SSC and its partners have invested in companies across a wide range of sectors, from lobster farming and medical diagnostics to surveillance technology and alternative energy solutions. Despite the huge variety, all SEEDS-invested companies share key characteristics: innovative products or services, high growth potential, and scalability.

Kai Square, which develops advanced surveillance and monitoring systems, is a good example. The company has grown from a four-man operation in 2006 to its current headcount of 30, while revenue has increased almost eightfold in the past three years. This performance led to Kai Square clinching the top spot in the Deloitte Technology Fast Track 500 Asia Pacific List, which ranks the region’s 500 fastest-growing technology companies.

Another SEEDS-invested company that has recently received accolades is Histolndex, a spin-off from Agency for Science, Technology and Research (A*STAR). It has developed an innovative imaging technique to assist in the diagnosis of fibrosis and cancer. Histolndex emerged as the winner of IBM’s inaugural SmartCamp KickStart Asean, held in Malaysia in September this year, and went on to win the Asia Regional Final held in Beijing.

Two high-potential companies that have received SPRING SEEDS support, Biomax Holdings and Third Wave Power, are profiled in the following articles. Read on to learn more about how they have benefited and grown with help from SSC and its partners.
Waste In, Fertiliser Out

Supported by investments from SPRING SEEDS Capital, Biomax Technologies plans to bring its innovative waste processing solution to new markets overseas.

Turning leftover food or industrial biowaste into a nutrient-rich fertiliser in just 24 hours may sound like the stuff of fiction, but thanks to Biomax Technologies’ innovative technology, it is now a reality.

It usually takes several months to convert waste into fertiliser through composting or anaerobic fermentation. Even then, the resultant fertiliser could be heavily laden with disease-causing pathogens. But the rapid thermophilic digester unit developed by Biomax changes all that. Organic food, plant or animal waste can be loaded into an enclosed digester where it is mixed with enzymes to produce a high-quality, pathogen-free organic fertiliser.

For Dr Puah Chum Mok, Biomax’s Co-Founder and Chief Technology Officer, the idea of converting organic waste into a high-value fertiliser came after he saw large amounts of food being thrown away at a restaurant. “I felt that there was a need to make better use of waste,” says Dr Puah.

Leveraging his expertise in bacterial and fungal fermentation, Dr Puah formulated unique BM1 enzymes that can speed up the digestion process when mixed with waste material. Besides reducing the unpleasant odours generated by processing waste, Dr Puah adds that this technology can offer a sustainable solution to the waste problems faced by many industries today.

“As the population grows, waste production will also increase. The system provides a better method of waste disposal than outdoor composting. We believe our technology can contribute to environmental sustainability as carbon footprints can also be reduced,” says Dr Puah.

Expansion into overseas markets

While urban Singapore may find little use for Biomax’s end-product, the technology is gaining interest in overseas markets. To date, Biomax has sold its technology in more than 10 countries, including Australia, Jamaica, South Africa, Thailand and France. It plans to bring its technology to new markets in Africa as well as North and South America next year.

“We believe there will be a demand for our technology because of the huge agricultural presence in these countries. The funding from SPRING SEEDS Capital will support our marketing and business development efforts in these new markets, such as the opening of regional offices to reach out to potential buyers.” says Dr Puah.

A winning idea

As the technology is relatively new, some farmers are still wary about investing in the machine, which can cost around US$1 million.

Despite the high initial capital investment, Dr Puah believes that the technology’s value proposition lies in the fact that it is able to process 15 tonnes of waste in just 0.05 hectares of land, instead of the one hectare required using conventional methods, and complete the process in just 24 hours, rather than taking several months. The organic fertiliser, which tests have shown improves harvest yields significantly, can also be sold for a higher price.

The technology’s clear advantages give Dr Puah confidence that it can succeed. With the investment through SPRING SEEDS, he believes Biomax is ready to tackle new markets and bring its innovative solution to customers around the world.

• International expansion can offer companies many opportunities to tap new markets, find new customers and expand operations to boost revenue.
• Find out how you can grow your business with equity funding from SPRING SEEDS Capital at www.spring.gov.sg/seeds.
Whether it’s accessing email from the Australian Outback or sending crop updates from rural India, people expect to be able to use their gadgets wherever and whenever they want. What often lets them down is their devices running out of power, especially in remote locations with no opportunity to recharge.

With mPowerpad, a portable multi-function solar charger, users can charge their mobile phone, tablet, digital camera and other digital devices anywhere under the sun. Developed by cleantech start-up Third Wave Power, mPowerpad comes with a built-in reading light, flashlight, radio and even an ultrasonic insect repellent function. It is also water-, dust- and drop-resistant and built to withstand rugged outdoor environments.

“mPowerpad can serve a wide range of customers, from professionals on the go to those living in rural areas, where power cuts occur frequently,” explains Mr V.S. Hariharan, Chief Executive Officer of Third Wave Power.

Since launching mPowerpad in November 2011, the company has attracted both local and international interest. It was named the Most Eco-Friendly Startup at TechVenture 2011, an annual conference that gathers investors and tech entrepreneurs from around the world.

“mPowerpad can serve a wide range of customers, from professionals on the go to those living in rural areas, where power cuts occur frequently,” explains Mr V.S. Hariharan, Chief Executive Officer of Third Wave Power.

Expanding opportunities
Mr Hariharan realised that, like many early-stage companies, Third Wave Power needed capital to scale up the business. Backed by commercial incubator Small World Group and Singapore’s National Research Foundation, it turned to SPRING Singapore’s Start-up Enterprise Development Scheme (SPRING SEEDS) for support to grow the company.

Besides supporting Third Wave Power’s day-to-day operations, the SPRING SEEDS funding also enabled the firm to hire more researchers for product development.

“We aim to develop a portfolio of follow-on products to meet the different needs of our customers. Consumers in the rural markets are looking for a basic product at a lower cost, while urban consumers want the product to be thinner and lighter with more battery capacity,” says Mr Hariharan.

He also plans to use the funding to support Third Wave Power’s foray into new markets such as Australia and New Zealand, where outdoor activities are popular, as well as in emerging markets such as India, where power outages are common.

Moving forward
With Third Wave Power on the road to growth, Mr Hariharan notes that the journey has not been without challenges.

“As with many start-ups, we started from scratch and had to learn how to run the company ourselves. It is like running a marathon. Everything takes longer and costs more than you think. You need the stamina, energy and financial support to be able to last the race. SPRING SEEDS has played an important role in our journey.”

With equity funding from SPRING SEEDS Capital, Third Wave Power is expanding its product range and venturing overseas.
Our sales were increasing but our operations had a hard time meeting the increased demand.

The Productivity Management Programme (PMP) highlighted areas for improvement and allowed us to optimise our operations.

Since implementing the changes, staff efficiency has increased by 15%, and profit margin by 8%.

Mr Jonathan Phoon Siew Boon
Executive Director
Freshening Industries Pte Ltd

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Nurturing an Entrepreneurial Mindset

Ms Chew Mok Lee, Co-Chair of the ACE Entrepreneurship Education Task Force, speaks to SPRINGnews in this sixth instalment of a seven-part Q&A series with the Action Community for Entrepreneurship (ACE)

**SPRINGnews: Why was the ACE Entrepreneurship Education Task Force set up?**

Ms Chew: ACE saw the importance of nurturing an enterprising mindset and values in students through ‘learning by doing’. We hope to expose youths to entrepreneurship and equip them with skills and knowledge to translate ideas into products and services for the marketplace. Hence, ACE formed the Entrepreneurship Education Task Force to review entrepreneurship learning in schools and to identify more effective and systematic approaches to work with the schools to incorporate entrepreneurship-related programmes. Comprising educators from the Ministry of Education and entrepreneurs, the Task Force focused on two groups of students – secondary and JC students, and those from the polys and ITE. The programmes will target these students, who are at different stages of maturity, with different aspirations.

**SPRINGnews: Why is it important to cultivate an entrepreneurial mindset amongst students?**

Ms Chew: Entrepreneurs drive Singapore’s economy, creating wealth and employment. Through entrepreneurship education, we hope to equip our youths with the relevant knowledge, skill sets, and resources so they are aware of what it takes to be an entrepreneur. This involves inculcating the positive values of entrepreneurs, such as the ability to bounce back from setbacks, striving for excellence, and the determination to succeed. For those who choose to work for others, we hope they would also adopt this mindset to be the best in their respective vocations.

**SPRINGnews: What are some of the Task Force’s key recommendations?**

Ms Chew: We developed two sets of recommendations. For secondary school students, we are developing a three-year Entrepreneurship Programme, to be incorporated as a CCA. The contents will comprise workshops, company attachments and competitions to expose the students to the real world of business. There are also plans to roll out the programme to JC. For students in the polytechnics and ITE colleges, they can look forward to a holistic framework to help them convert their ideas into businesses. This includes funding support for their projects, a start-up launch pad, and incubation and mentoring programmes in their schools.

**SPRINGnews: How will the Entrepreneurship Programme help students to adopt an entrepreneurial mindset?**

Ms Chew: Entrepreneurship is a ‘live’ subject, so the best way to learn is by doing. Schools participating in the Entrepreneurship Programme will be ‘adopted’ by enterprises under an ’Entrepreneur-Adopt-a-School’ initiative, where at least one entrepreneur will be attached to each school. Local enterprises and start-ups such as Ya Kun International and KooBits are already on board. They have committed to engage the students through regular talks and events, and provide opportunities for the students to be exposed to the real-world of business through company visits, internships and project mentorship. We hope to encourage more entrepreneurs to come forward to engage our youths.

**SPRINGnews: How can schools or educators who are interested in promoting entrepreneurship get involved in ACE’s efforts?**

Ms Chew: The Task Force has also proposed to set up an informal network for educators and entrepreneurs to interact and exchange best practices on entrepreneurship learning. Through this Educators’ Network, educators will be able to build up their entrepreneurship knowledge and hone their pedagogy skills in entrepreneurship education. We welcome schools and educators to join our network!
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Serving up Higher Productivity

Faced with critical productivity challenges, Singapore’s food services industry must take action to achieve better performance.

Singapore may be a food-lover’s paradise, but it is not always smooth sailing for restaurant owners here. The tight labour market and rising costs make for a challenging operating environment. These are just two of the issues affecting the productivity of companies in Singapore’s food services industry, according to a recent study by The Boston Consulting Group (BCG).

“We have found that the value-added per employee is lower in Singapore than in peer cities like London, Hong Kong and New York,” notes Mr John Budd, Partner and Managing Director at BCG. “This is the result of a number of issues that affect the industry’s productivity and performance.”

BCG’s study identified four challenges faced by companies in Singapore’s food services industry: 1) labour shortage; 2) rising food costs; 3) expansion issues; and 4) ensuring sustained performance improvements.

Mr Budd suggests that these issues can be addressed with a more data- and process-driven approach to management. “A lot of business owners in the food services industry manage on the basis of gut instinct, especially if they are only managing one store or restaurant. But as they expand they need some basis of formal operating procedures and data to manage their business.”

He pointed out that this does not mean gut instinct should be completely excluded. “The best operators marry a good sense of the business – how to treat customers, how to anticipate business needs – with a good use of formal operating procedures and data to manage their business.”

Optimising labour performance

There are big gains to be made in the management of manpower, which is key in Singapore’s tight labour market. Optimising labour scheduling and implementing better performance management structures are two ways to increase the productivity of employees.

“Companies need to move beyond pencil, paper and broad assumptions when it comes to managing their labour force,” says Mr Budd. For instance, companies stand to reap productivity rewards by reducing overstaffing during non-peak times and understaffing during peak times.

Performance management is another issue that can be challenging to tackle, especially as a business expands to multiple outlets. Hence, it is critical to develop standard procedures that can be applied across all locations, and make sure that they are adhered to.

“Having codified procedures in place to ensure that the restaurant is run consistently from one day to the next, from one store to the next, and effectively measuring that performance – this is how productivity can be improved,” Mr Budd explains.

However, there is one more key element that cannot be ignored: feedback. “People need to see and hear how they are performing. You can put all the procedures in place, but the key is to go back and measure performance against these procedures and let the people know how they are doing, for sustainable outcomes,” says Mr Budd.

Keeping a lid on costs

The rising cost of ingredients is another pain point – one that companies attempt to address by reducing input costs. For restaurant owners, this means trying to negotiate better prices and pooling purchases across outlets to gain economies of scale. However, there is another solution that is just as important.

“Restaurants tend to approach innovation by adding new menu items but they don’t always look at the impact of doing so on operations, in terms of the overall costs.”

Cost savings can actually be found by addressing the complexity of the menu and “building from the ingredients out”, according to Mr Budd. Some ideas are to use similar ingredients across a restaurant’s menu, or introducing a radically reduced menu that will allow for better purchasing and less wastage of food.

Getting expansion right

For businesses that get both their product and processes right, success often comes in the form of increased demand and the opportunity to open new outlets. While this is certainly a plus, Mr Budd suggests some areas that companies should focus on to maintain productivity while expanding.

“There are a lot of good practices that should be applied to concept expansion. First is understanding each individual location before considering expansion – and knowing why some will make money and some won’t. We’ve worked with operators with varying levels of productivity across units, and they don’t understand why this is the case because they just build additional units while ‘hoping for the best’.”

Businesses also need to understand what drives productivity and how it affects profitability, before concept expansion. One way is to centralise some of the operations, says Mr Budd, such as through commissary cooking that supplies multiple units, or preparatory work that can be done in a centralised location.

Lastly, in measuring the performance of multiple units, operators need to develop a de-averaged view of the market. “This means looking at each unit separately, rather than just the average for all units. This will allow you to identify strong and weak performers and see where improvements are required. Averages hide the individual characteristics of each business and don’t allow you to home in on areas that need to be upgraded.”

Sustaining best practices

Despite Singapore’s relatively low productivity in the food services industry, it would be wrong to assume that companies are not making an effort to improve their performance. Instead, the reason may be this: despite implementing productivity-enhancing processes and policies, there is little follow-through on the necessary structures and training to ensure that productivity gains are sustainable.

“It’s important to decide exactly how you want execution to work in your restaurants, and to build training procedures that allow that to happen. This is the first step. Training alone will not ensure the spread of best practices, so procedures to monitor performance and a feedback system to the employees are necessary,” notes Mr Budd.

One way to do this is to provide real-time, daily feedback to each location on its key operating metrics. Such feedback will allow the employees at each location to understand what they are doing well, and where there is a need for improvement. It can also form the basis to develop incentives to drive productivity improvement.
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Tech Investment Pays Off for Sakunthala’s

Technology adoption has enabled Sakunthala’s Restaurant to improve productivity and create a better customer experience.

A t Sakunthala’s Food Palace along Race Course Road, diners can browse through a digital menu that comes with pictures and descriptions of the dishes on an iPad before sending their orders wirelessly to the kitchen.

The iPad menus, which are offered in addition to the printed ones, enable dishes to be prepared and served up faster in the Indian eatery. Instead of service staff taking down an order and then keying it into a workstation, customers can choose the dishes they want via the iPad and alert the service staff, who will confirm the order.

“The introduction of the digital menu has boosted sales and reduced errors. It has allowed our staff to focus on providing quality service to our customers,” says Mr Mathavan, Managing Director of Sakunthala’s Restaurant.

The restaurant has also implemented wireless payment technologies to speed up the billing process.

“All our staff carry a portable receipt printer with them, so customers do not have to wait in the queue to settle their bills,” Mr Mathavan adds.

The interactive iPad menu and portable receipt printer are just some of the technology investments made in the past year to improve productivity. Tapping into SPRING Singapore’s Technology Innovation Programme (TIP), Sakunthala’s has also streamlined its kitchen processes through automation.

Productivity gains
For example, the restaurant invested in an automatic cooker that can prepare 600 kilogrammes of curry in one hour with just two or three employees manning it. Previously, 10 employees were required to perform the same task. The machine’s auto-tilt function removes the need for manual stirring, which frees up man-hours for other priorities.

With more than one tonne of curry prepared daily at Sakunthala’s central kitchen, automation allows the company to ensure that food quality is consistent across its three outlets. Apart from reducing food preparation time and improving consistency, food wastage is also minimised.

“When food preparation was done by the chefs, the quality of the final product was dependent on the chef’s skills and judgement. Automation allows us to have better control of quality. Food wastage is also reduced as the ingredients are mixed in correct proportions,” says Mr Mathavan.

A worthwhile investment
While implementing productivity improvements can be time consuming and costly, Mr Mathavan believes the rewards are worth the effort because technology has reduced the company’s reliance on manual labour. In an industry where manpower is scarce, Mr Mathavan sees productivity as the key to accelerating the company’s growth.

“We knew that automation was the way to go if we wanted to prepare for future expansion and meet the higher demand more efficiently. The manual processes took up too much time and labour, which limited our ability to expand. Without automation, I wouldn’t have the confidence to grow the business,” says Mr Mathavan.

Technology can play a vital role in helping businesses to improve processes, drive cost efficiencies and increase productivity.

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