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# SPRINGnews

January 2012

## Riding out the economic storm

There are still silver linings to be found amid the economic storm. Companies will need to seek out opportunities now so they can be prepared for the upturn when it comes.

### SETTING HIGH STANDARDS FOR CLEAN TEETH

T32 Dental Care takes a 360-degree approach to its business and aims to raise the bar for service standards in the local dental industry.

### ERASING DATA LOSS FEARS

Data Terminator helps organisations keep sensitive data out of the public domain by using advanced technology and understanding the needs of its customers.

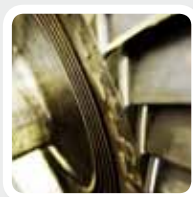
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SPRING Singapore is the enterprise development agency for growing innovative companies and fostering a competitive SME sector. We work with partners to help enterprises in financing, capabilities and management development, technology and innovation, and access to markets. As the national standards and accreditation body, SPRING also develops and promotes internationally-recognised standards and quality assurance to enhance competitiveness and facilitate trade.

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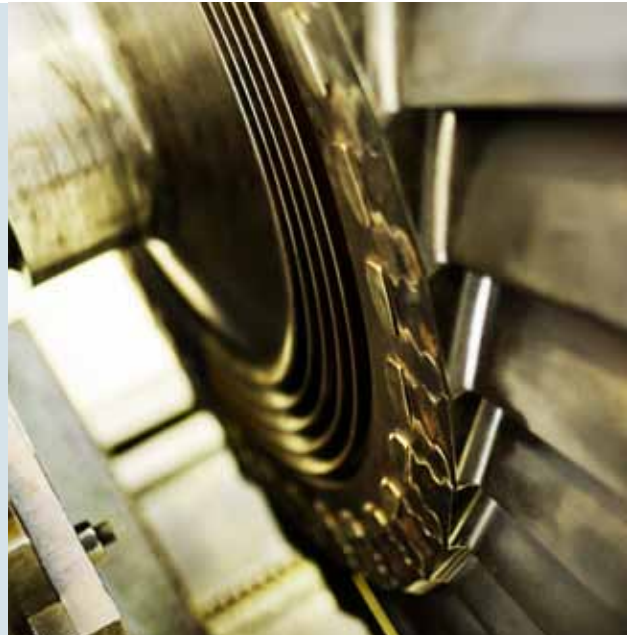
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## \$52 million to train 'master craftsmen' in precision engineering

SPRING and the Economic Development Board announced on 13 December plans to train 2,800 'master craftsmen' in the precision engineering sector over the next ten years.

Master craftsmen are skilled workers who perform critical functions such as managing and guiding production workers. The \$52 million Precision Engineering Vocational Continuing Education and Training initiative was approved by the National Productivity and Continuing Education Council (NPCEC).

The funds will be used to establish a Precision Engineering Master Craftsmen programme at Nanyang Polytechnic, on-the-job refresher courses for post-national servicemen, and awards for ITE students to pursue studies in the sector.



## Inaugural Singapore Service Excellence Medallion Ceremony

Outstanding organisations and individuals were recognised for service distinction at the inaugural Singapore Service Excellence Medallion Ceremony held on 28 November. President Tony Tan, who was the Guest-of-Honour at the ceremony, presented the award to the winners.

The Medallion is the highest accolade to be conferred by the national GEMS (Go the Extra Mile for Service) Up movement, which accords recognition to the highest achievements in service in Singapore.

Changi Airport Group was conferred the Medallion for Organisations while Edwin Teo, a sales advocate at Atlas Sound and Vision, won the Medallion for Individuals.

The organisation winner must demonstrate outstanding levels of customer and employee satisfaction and organisational service excellence, while the individual winner must exemplify his organisation's mission, vision and values.



## Riding Out the Economic Storm

**Reports spell troubling economic times ahead, but there are still silver linings to be found amid the dark clouds. Companies need to seek out opportunities in the gloom so they can be prepared for the upturn when it comes.**

**T**he word 'recession' can strike fear into the hearts of many business owners – and as growth slows to a crawl in major economies, there is no way to sugar-coat it: 2012 will be a tough year.

With Singapore's economic growth expected to shrink from a forecast of 5% to between 1% and 3% next year, anxieties about another global recession are further fuelled by uncertainties such as Europe's debt crisis and waning export orders from developed countries.

"This does not factor in downside risks to growth, such as a worsening debt situation or a full-blown financial crisis in the advanced economies," says the Ministry of Trade and Industry (MTI) in a statement in November 2011. "Should these risks materialise, growth in the Singapore economy in 2012 could come in lower than expected," it adds.

Adding to the pessimism, the MTI says it expects the electronics industry and other sectors that rely heavily on overseas orders to

perform poorly, while the financial services sector will be affected by uncertainties in the external environment.

"If the euro zone collapses, the impact is going to be felt all around the world. Even a nation like Singapore, which is relatively decoupled from Europe, is going to be impacted massively," notes Mr Hugh Mason, chief executive officer of Joyful Frog Digital Incubator.

"We are going into a period of contracting demand in the West and given Singapore's high dependence on world trade, I think we have to anticipate a period of prolonged uncertainty," he explains.

The financial crunch can be especially hard on small and medium enterprises (SMEs), as most of them do not have the resources to wait out the bad times, says Mr Lim Der Shing, chief executive officer of the JobsCentral Group.

"SMEs are always more affected by economic slowdowns as they tend to have less fat, and I believe the business volume will shrink for SMEs in the affected industries such as manufacturing, transport, banking and finance," says Mr Lim.

Mr Simon Tiong, managing director of Simax Materials Solutions, agrees that there are challenging times ahead. "A global economic slowdown will affect customer orders and our growth performance. With lower sales and cost remaining at the same level, SMEs will have to make difficult decisions to cut costs by downsizing or retrenching staff."

### Avoid cutting budgets blindly

With the looming economic downturn, organisations that need to reduce costs seem to fall back on one natural response – budget cuts. While running leaner is a must in a sluggish economy, not every money-saving measure is an effective one.

Unfortunately, most business owners make the mistake of reducing employment costs first, since eliminating salaries immediately frees up a large amount of capital. But that can be short-sighted, says Mr Lim.

**“During a downturn, the temptation is to cut costs by reducing manpower. The retention of key talent is very important for SMEs, because that will help them rebound faster when the economy resumes growth.”**

*Mr Lim Der Shing, CEO, JobsCentral Group*

Thankfully, there are alternatives to retrenching. Flexible wage structures, for example, can help many companies reduce wage costs quickly to save jobs and stay cost competitive. The monthly variable component (MVC) mechanism, which has been implemented by JobsCentral, allows the company to adjust wages in response to changes in the business environment without having to wait till the end of the year to adjust variable bonus payments and other annual variable components.

Companies should also resist the urge to react to a downturn by putting the brakes on their marketing budget, because it can help a business gain a competitive advantage over its competitors.

“SMEs should focus on building up their brand and business in the industry they operate in. Marketing needs to be viewed as an investment rather than an expense,” notes Mr Lim.

### Investing in staff training and innovation

In addition, Mr Tiong suggests that SMEs invest in staff development, although the return on investment may not be immediately obvious. Focusing on employee development and ensuring that their skills and competencies stay at the highest performance levels will not only help businesses weather the storm, but help position the company to ride the upturn when it comes.

“It can be hard to attract and retain the best manpower because SMEs have limited financial resources,” says Mr Tiong. “However, SMEs can utilise the slack time to develop existing staff through programmes that are focused on increasing sales.”

Instead of being discouraged by the recession, Mr Tiong believes that companies should use the downturn as a springboard for innovation and come up with new ideas and businesses.

Simax Materials Solutions, which specialises in providing packaging solutions for industrial customers, saw the 2008/2009 downturn

as an opportunity to invest in new technologies and growth areas. It has since expanded its product offerings to include LED and solar lights.

“Simax aims to move beyond our traditional industrial customer segment and develop sales, marketing and branding expertise in new segments of commercial and consumer businesses,” emphasises Mr Tiong.

Product innovation that is driven by customer needs can also create barriers of entry to competition, says Mr Amit Anand, managing partner of local venture capital firm Jungle Ventures.

**“SMEs need to invest in creating strong barriers to entry through technology innovation. SMEs are almost always in a unique position to create timely solutions based on the demands of their customers.”**

*Mr Amit Anand, Managing Partner, Jungle Ventures*

Mr Anand also recommended some ways that SMEs can prepare for the downturn, such as forming alliances with similar companies, extending relationships with existing clients by signing long-term deals, and seeking short-term financing solutions.

“The crisis will challenge SMEs on two fronts, namely in their innovative financing strategies as well as their growth and demand creation,” he adds.

### Navigating the downturn

To help local SMEs weather tough times, SPRING Singapore has put in place various initiatives to build their business capabilities and improve their access to markets, know-how and financing.

Apart from funding support, SPRING also provides enterprises with practical assistance to enhance their management and technology innovation capabilities, as well as mentorship, networking and the linking of contacts for business collaborations. There are also incentive schemes to encourage angel investors and incubators to provide start-ups with access to capital, resources and mentorship to aid their expansion and growth.

In addition, SPRING offers a range of programmes to seed and nurture innovative start-ups. For example, youths can apply for the **Young Entrepreneurs Scheme for Startups (YES! Startups)**, while technology start-ups can tap the **Technology Enterprise Commercialisation Scheme (TECS)**.

Visit [www.spring.gov.sg](http://www.spring.gov.sg) to find out about the support available to SMEs. Read on to find out how the Joyful Frog Digital Incubator can help budding entrepreneurs start a business during these trying times, and how Vector Scorecard views the downturn and identifies opportunities for companies to improve their performance during difficult times.



Co-founders of Joyful Frog Digital Incubator, Mr Wong Meng Weng and Mr Hugh Mason

## Forget Recession, Think Opportunities

**The economic downturn can be a blessing in disguise for entrepreneurs who are able to identify a problem in the market and develop a business strategy to address it.**

Starting a business in a time of economic uncertainty may sound like a daunting proposition, but the rewards can be well worth the effort.

**“It is a good time to start a business now, because if you can survive the downturn, you will be in a very fit, lean position in the future.”**

“In a period where change is forced upon us all, it opens people’s minds to new ideas and different ways of working, so start-up companies that are doing new things will have an easier time finding customers,” says Mr Hugh Mason, Chief Executive of the Joyful Frog Digital Incubator (JFDI.Asia).

### Seeing challenges as opportunities

While there are valid reasons to be cautious, including suppressed demand and finance, Mr Mason says that a recession provides opportunities for renewal and growth.

“It’s like a forest fire that clears out all the dead wood. Dinosaur companies get flabby and unfit when things are easy in the economy but they can’t survive when things change. When they die, there is space for green shoots to come up,” he says.

Co-founded by angel investors Mr Wong Meng Weng and Mr Mason in 2009 with support from SPRING Singapore’s **Incubator**

**Development Programme (IDP)**, JFDI.Asia aims to groom early-stage innovative startups into sustainable, valuable businesses ready for investment.

“There are huge opportunities to solve problems across Asia, and the people who are best placed to capitalise on them are those who have nothing to lose,” observes Mr Mason.

“We want to help the early stage companies we work with to identify what’s really great about their ideas, push the pedal to the floor and drive their businesses as hard as we can,” says Mr Mason.

### Developing businesses in Asia for Asia

JFDI.Asia runs a start-up accelerator “bootcamp” programme that’s part of the global TechStars network. It builds on the TechStars model of taking digital start-ups from ideas to investment readiness in 100 days. The JFDI-Innov8 2012 Bootcamp will see 15 teams from around Asia participating in an intensive 100-day event from January 2012.

Besides receiving \$15,000 and guidance from industry experts to kick-start their businesses, the teams of developers and entrepreneurs will also get the opportunity to pitch their ideas to international investors. Entrepreneurs can also leverage the expertise and global reach of JFDI.Asia’s partners to connect to customers around the world.

“Our key partnership with SingTel Innov8 means that we have access to over 416 million subscribers with mobile phones and broadband connections in Southeast Asia, the Middle East and even Africa,” says Mr Mason.

In addition, JFDI.Asia also organises Startup Weekends – 54-hour events where entrepreneurs, developers and venture capitalists come together to share ideas, form teams, build products and launch startup businesses. To date, JFDI.Asia has brought more than 1,200 new entrepreneurs together through such events in Singapore, Bangkok, New Delhi, Melbourne, Manila and Jakarta, creating more than 140 prototype digital businesses.

Mr Mason believes that start-ups can achieve long-term growth by finding a pain point, or a problem to solve. “There are huge needs that require solutions all around Asia. I encourage any young Singaporean entrepreneur to go backpacking in countries such as Vietnam, Cambodia, Thailand and Indonesia where they can look at what’s lacking and try to think of ways to help improve the situation,” says Mr Mason.

**“Every time someone gets a headache, an entrepreneur sees it as an opportunity to sell a pill. An economic downturn is terrible but it means that there are lots of people with pain. Entrepreneurship is all about solving pain points.”**

# Lending SMEs a Helping Hand

**Vector Scorecard helps to accelerate the growth of SMEs by providing them with analytical tools, a market access platform and micro-investment facilitation.**

With fewer resources and tighter profit margins to tackle the effects of a global financial crisis, there is little doubt that the impending downturn in 2012 will hit small and medium enterprises (SMEs) hard.

“2012 will be particularly challenging for SMEs, especially for the smaller players in the retail and service sectors. I foresee that the revenue and profit levels of SMEs are likely to face downward pressures of at least 20% to 30% with fixed costs likely to remain relatively high,” cautions Mr M Nazri, Group CEO of Vector Scorecard (VSC) Asia Pacific Group, a knowledge engineering company that leverages artificial intelligence (AI) to generate insights and enhance performance.

As access to credit is tightened and operating costs increase, cutting costs by downsizing may seem like a necessary evil for SMEs seeking to survive the downturn. But “quick-fix” belt-tightening strategies deliver only short-term results that are insufficient to help companies navigate the uncertain times that follow. Instead of reducing costs through across-the-board cuts, companies should look at turbulent times for what they are: opportunities to refocus efforts on areas that improve the bottom line.

**“Many people hold the view that 2012 will be a sluggish year with more bad news to come. While this may be a reality, businesses should focus on opportunities by looking at ways to diversify their client base, innovate their business models, and acquire expertise to increase their product offerings.”**

## Thinking beyond

Emerging successfully from these troubled times will also require a commitment to thinking beyond business as usual, says Mr Nazri. “SMEs must innovate in terms of producing niche solutions that clearly address client needs. Companies must differentiate their offerings and clearly identify their unique selling proposition, as it differentiates their product from others.”

In addition, companies need to look beyond Singapore to expand into larger overseas markets. As Singapore’s open economy

and strong trading background inevitably expose SMEs to international competition and trade, the only way for SMEs to grow is to go global, says Mr Nazri.

**“Relying mainly on the domestic market for revenue growth will only result in concentration risks. If more than 80% of your business mainly comes from Singapore, chances are that you are dependent on certain groups of customers. We believe the strategy of developing SMEs into globally-ready enterprises (GREs) can help overcome sustainability and volatility problems in the long run.”**

However, venturing abroad may not always be plain sailing. Some of the main challenges facing local SMEs in breaking into global markets include the management of human and dollar capital, difficulty of operating in unfamiliar markets and making the right business contacts.

To help them over this hurdle, VSC provides a range of services to facilitate overseas expansion. SMEs are able to connect with the right overseas partners, bid for global tender projects and obtain on-the-ground facilitation and up-to-date market intelligence through VSC’s Asia Business Corridor platform and its presence in markets in Asia, Europe and the United States.

## Accelerating growth of SMEs

VSC is no stranger to receiving help – following its founding in 2006, it was equity-funded by **SPRING SEEDS Capital** – and now the company offers services to help businesses through the economic downturn. During the 2008/2009 financial crisis, VSC assisted more than 2,500 SMEs across a wide range of industries. Its services include advisory solutions and training programmes to complement its in-house, proprietary AI expert systems to improve companies’ profitability-risk levels and productivity performance. VSC’s suite of applications provides insights on critical areas such as a company’s financial strength, business performance indicators and credit risk



Mr M Nazri, Group CEO of Vector Scorecard (VSC) Asia Pacific Group

profile to improve their bankability and investibility status.

“For companies to remain relevant and viable in this fast changing marketplace, frequent objective business reviews are essential for business sustainability,” says Mr Teng Theng Dar, chairman of VSC’s investments and international business advisory panel.

“The Vector Scorecard system is an easy-to-use diagnostic business tool that can produce accurate reports on issues, opportunities and recommendations for companies to drive product and service innovations, plan capacity building strategies, and upgrade human capital,” explains Mr Teng.

VSC is also currently creating an alternative financing platform, which enables SMEs to receive working capital support from non-bank sources. This will benefit SMEs, especially during a downturn as banks remain cautious in lending.

“We believe there is a need to create an alternative financing platform for SMEs to give them the basic working capital to fulfil their book orders. We are identifying ways to channel economic surpluses within the retail community to viable businesses via the concept of urban micro-investments,” says Mr Nazri.

“This is achieved by pooling the funds of people with excess liquidity and matching them with SMEs with secured orders. The matched investors can then partake in the profits and losses of those projects,” he explains. “A portion of the profits can be further channelled to help even smaller home-based businesses to get going with their smaller projects.”

## Starting my first business

### Steps:

1. Meet bank manager to discuss loan options
2. Research "incorporating" a company
3. Research food stall
4. Public
5. V.
6. Re
7. CPF
8. Order
9. Public
10. Register
11. Registrar
12. Find out
13. Employees
14. Renovation - talk to contractor?
15. Find out about submission timeline for licenses
16. Ask someone about outsourcing IT/HR/Payroll
17. Find out about software license packages
18. Call re: courier / freight rates

Step One:  
**EnterpriseOne**

[www.enterpriseone.gov.sg](http://www.enterpriseone.gov.sg)

## Start at EnterpriseOne, not from square one

The EnterpriseOne portal connects start-ups and SMEs with the resources they need to succeed. It's where you find guides on a variety of business topics, useful links, case studies, frequently asked questions and quick-find interactive tools.

It also connects you to five Enterprise Development Centres, where you can get further business advice. Everything you need to start and grow your business is just a click away.

Make step one EnterpriseOne. Visit [www.enterpriseone.gov.sg](http://www.enterpriseone.gov.sg) today.



## Setting High Standards for Clean Teeth

By adopting a 360-degree approach to its business, T32 Dental Centre aims to set a high standard of service for the dental industry in Singapore, to the benefit of its customers.

For many, the mere thought of sitting in a dentist's chair is a major cause of anxiety. They imagine the worst and avoid going to a dentist altogether.

This is a perception that Dr Wong Keng Mun is eager to change. The managing director of T32 Dental Centre says: "We don't have any pictures of bleeding gums on the walls to tell them that their teeth are bad, because I think that is the wrong way of calming our patients down."

To help anxious patients relax, T32 designed its dental centre with the customer's needs in mind. Besides an array of entertainment options to keep its young patients' minds off extraction and drilling, such as flat-screen TVs and computer games, T32 also offers patients and their families refreshments as they wait in a spacious lounge.

### One-stop dental centre

T32, whose name refers to the 32 teeth of a healthy adult, aims to be a one-stop centre for the whole family. Established in 2005 by two dentists, T32 now has 18 dentists in three branches located in the CBD area and several specialist dental divisions.

For example, T32 Junior caters to children, while T32 Corporate serves corporate clients. The T32 Specialist division comprises a team of specialists in five key dental areas:

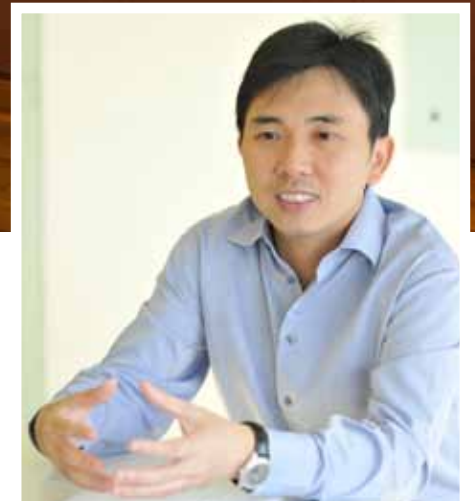
implant dentistry, oral rehabilitation, aesthetic dentistry, oral plastic surgery and orthodontics.

Despite its complete offerings, the goal at T32 is to minimise the need for such services. With a strong focus on preventive care, T32 educates patients on oral health maintenance and treatment through regular forums and lectures. "Our focus is always on prevention, not treatment. If I can help the public to save their teeth, isn't that a better solution?" says Dr Wong.

In addition, a website ([www.treatmyteeth.com](http://www.treatmyteeth.com)) has also been set up for the public to submit their dental questions, which will be answered by T32's team of dentists within 24 hours.

Providing efficient customer service is an integral part of T32's brand strategy. To speed up its treatment processes, T32 has invested in state-of-the-art technology to allow the patients' x-rays to be sent instantaneously to their dental surgeons. The centre's management also ensures that a patient will be attended to within 15 minutes of their appointment time.

"We want to assure our patients that they will be seen on time. That means we will not fill up a time slot with too many patients, because we don't want to compromise on service quality," says Dr Wong.



Dr Wong Keng Mun, Managing Director, T32 Dental Centre

### Driving service standards

The company is also working closely with SPRING Singapore and Training Vision, a human capital consultancy firm, to develop service standards for healthcare providers in the dental industry.

**"We are developing a points system because unlike hotels, which have a star rating system, there are no service guidelines for dental clinics, so dental clinics will know where they stand."**

Going forward, T32 aims to position itself as a consultant to other dental groups both locally and regionally. Dr Wong aims to develop T32 to be a leading dental centre in the region that not just delivers on service quality but also drives the standards of the dental industry. He says: "We want to be a dental 'software' company to provide consultancy services and our real-life experience in running a dental office, so that the owner of a new practice does not have to go through the same thinking process."

"We want to build our practice through education – educating the dentists so that they can improve their skills and service, and educating the public so that they can make the right choices about their treatments," adds Dr Wong.

# Bring your technology ideas to market

## They are doing it



Breakthrough stent for cardiac treatment



Microfabricated filter for water quality monitoring



Revolutionary cooling solution for high performance computers



Novel diagnosis solution for liver diseases



High performance network acceleration solution



Non-invasive device for hysterectomy



Intelligent inference engine for business analytics



Gesture-based sensing technology for interactive media

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- Information and Communication Technology
- Water Technology (Proof-of-Concept only)

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# Erasing Data Loss Fears

By using advanced technology and understanding customer needs, Data Terminator has made a success of helping organisations keep sensitive data out of the public domain.

After years of battling computer viruses and spam mail, organisations now find themselves wrestling with another security issue – data leakage. From misplaced thumb drives to sending a computer filled with sensitive data for repairs, it is easy for confidential information such as intellectual property and trade secrets to fall into the wrong hands.

While security breaches have become a regular occurrence, these accidents can be prevented if companies implement proper security measures, says Mr David Ong, director of Data Terminator.

“We are seeing an increase in more sophisticated data theft and leakages, and the WikiLeaks incident won’t be the last. But most companies view such risks as low or nonexistent,” adds Mr Ong.

## Implementing best practices

Established in 2007 by Mr Ong and Mr Donald Wee, Data Terminator (DT) answers the growing need for information leakage and fraud prevention by providing organisations with secure electronic data erasure, destruction and disposal. The company, which is equity-funded by **SPRING SEEDS Capital**, also provides forensic solutions for fraud and malicious activities detection on corporate networks and remote access monitoring by authorised users on corporate servers and networks.

DT’s edge lies in its use of equipment certified by national security and defence bodies in the United States with service processes that are compliant with ISO 9001:2008 standards. One of the services offered by DT is “degaussing”, a data-sanitisation method that prevents any data on a hard disk from being recovered.

“If the data is so confidential and important to you, it should be treated by the best equipment. Our customers can also be assured that our processes are rigorous and we have experienced staff who can detect security compromises in seconds,” explains Mr Ong.

Besides investing in technology, Mr Ong and his staff constantly keep themselves updated with the latest trends in information leakage and fraud protection.

“We look at market trends; for example, how fraud is perpetrated and the different ways people obtain data. In addition, we send our staff for constant training and learn from best practices so that we are able to provide relevant solutions to our customers,” notes Mr Ong.

## Changing mindsets

Despite the potential impact of such leaks on brand reputation and customer privacy, few companies make information security a priority in their businesses and many have outdated standards for detecting and preventing data loss.

“We believe that good IT services should not just be available to MNCs, but SMEs as well. Our priority is to reach out to as many organisations and government agencies as quickly and cost-effectively as possible,” adds Mr Ong.



Directors David Ong (left) and Donald Wee



“Degaussing” prevent any data on a hard disk from being recovered

**“There is a general perception that information security systems are expensive. It is not easy to convince organisations to change an entrenched practice. We have come across customers who are still using obsolete equipment, exposing their staff to health risks, or adopting old audit benchmarks that are no longer relevant.”**

Looking ahead, DT is eager to expand its service offerings to reach more clients. Mr Ong also aims to establish DT as a leading one-stop centre for information leakage prevention and to deliver best-in-class service wherever customers need it, giving them security with confidence.

“We want to be mobile. That means that we can deliver the same quality and standard of service wherever our customers want us to be. We’ll do it even if they are in Vietnam, Indonesia or China,” says Mr Ong. “There are many organisations in the world that are unaware of data loss prevention solutions and these are the market opportunities available to us.”



## One Needs to Fail in Order to Succeed

Tim Harford, author of *The Underground Economist* and *Adapt*, shares why it takes failure to bring about success. He advises managers and leaders on how to deal with failures.

By Sadie-Jane Nunis

**T**IM Harford, author of books like *The Undercover Economist* and *Adapt*, is as passionate in person as he appears to be in his books. In an interview, he gave useful tips and insights for organisations in dealing with failures in order to be successful. He provided tips on how new managers can cope with their own or their team's failures and how to foster innovation in the office.

Only a handful of organisations manage to find success after failures. It is not easy. It is a combination of strong will power, determination to succeed, and a little bit of luck. Harford says: "It is a big challenge. Organisations need to consider the cost to continue to experiment with their project in order to find the likely benefits of success." If a project costs a large sum of money, and the likelihood of failure is extremely high, should an organisation continue with it?

Think about your own organisation. Is it big enough to endure large scale failures? What about when the economy is volatile and seems to be on the downturn? When the climate changes and the economy gets complex, this is when employees feel unsure about job security. The complex economy "means obstacles are present and it is difficult for one to solve complex problems in a complex world" as put by Harford.

Considering how highly competitive the markets are, it takes more than a good leader to get an organisation far. Consider the information technology industry. There are numerous failures and "to survive and be profitable, it is not enough to be good; you must be one of the best".

Big companies have failed at various points in time. Harford quotes: "IBM eventually bowed out of the personal computer business in 2005, selling its interests to a Chinese company.

Apple lost out to Microsoft in the 1980s, despite perfecting the user-friendly computer. Microsoft was caught unaware by the Internet, and lost the search-engine war with Google". Despite the fact that these big companies have been successful in some areas, overall, they failed numerous times as they were beaten by the competition.

### Can Leaders Save the Company?

People seek a solution. Harford shares: "If an organisation hopes to survive, they need to find the right kind of leader." This may be true but what is the right kind of leader? Is it fair for employees to put their faith in their leaders to solve their problems hence making this the de facto solution? In *Adapt*, he elaborates: "A leader doesn't have to solve every problem by himself. Good leaders surround themselves with expert advisers, seeking out the smartest specialists with the deepest insights into the problems of the day."

A leader should have an acceptance of failure. Most failures are survivable unless they are like Lehman Brothers. Small failures should be accepted and the organisation needs to keep going from that failure. If they do so, they are likely to achieve success at some point. Leaders need to know the difference between success and failure. It is tough to explain this to a hierarchical organisation as they are more likely to be in denial. The reason for this is they do not like to face criticism and they would rather face people who would boost their egos, rather than to those who tell them the truth, elaborates *The Undercover Economist* author.

It is good to be armed with lots of ideas and there is a need to ensure that the small failures are survivable. However, what may be a small failure to a multinational company, might equate to a



Tim Harford fielding questions from the audience

small- and medium-sized enterprise going bankrupt after one mistake.

### Dealing with Failures

New managers need to prove themselves as being capable, especially if they are newly promoted and in charge of their former peers. Harford advises: "New managers should pay close attention to early failures and learn from them. Learn from your mistakes instead of going into denial and ignoring them. New managers tend to make mistakes as they are still learning. On one hand, one has to accept the inevitable, but that doesn't mean that one should continue making mistakes. One should learn and further develop."

What may be even more challenging for the new manager is if he has a team who tends to fail repeatedly. Find out why your team keeps failing. Harford says: "Question yourself. Is it a good or bad failure? Did they fail because they do not understand the project assigned? If you provide them with training, will they be able to do the job better? After analysing, discuss it with your team and get feedback from them. Then, work on ways to improve your team in order to minimise their mistakes. You need to keep yourself as a leader motivated and positive in order to keep your team's spirits high."

### Men versus Women

Who's better at dealing with failure, males or females? There are different advantages to both. He says: "Men tend to take more risks. At times, they may be overconfident in risks they take in investments.

There may be times when they trade too much. Being overconfident is helpful. However, being delusional and taking risks carelessly is another ballgame."

"As for women, they tend to do much better when it comes to stock markets. They tend to be more effective and better at communication too. Feedback is necessary for them and they tend to lead in a more horizontal fashion, talking to peers, and learning about what is happening on the ground."

For both to be successful or have higher chances of being successful, it would be good for the men to learn how to get horizontal feedback, just like the women do. As for the women, they could definitely learn from the men and learn to take clear risks. This will help either gender become more effective and successful leaders, especially when it comes to coping with failures.

Leaders from earlier times, who had elaborate visions about where they want to see their company in "x" number of years, armed with a detailed plan are slowly being considered passé. With the ever changing markets and economies, leaders should never be caught off guard should a new surprise come their way. Leaders should be able to adapt. It is good to plan, however, they should be able to improvise and adjust their plan accordingly.

Modern day leaders should work with their team instead of just commanding them. Work from ground up and gather feedback. It is good to aspire and dream big, however, getting to their dream should be done in baby steps.

Moving forward too quickly may end up killing the organisation instead of bringing it longevity and prosperity.

Failures are not necessarily the end of the world. Once leaders and organisations realise this, there is a likely chance of a brighter future.

**This article is reproduced from Today's Manager (Oct/Nov 2011), a publication by the Singapore Institute of Management (SIM).**

#### About SPRING's High-Potential Leadership Programme

High-growth enterprises often face the challenge of developing a strong middle management team to meet the demands of business expansion. SPRING collaborates with partners such as SIM on High-Potential Leadership Programmes to strengthen the knowledge and skills of high-potential middle managers by equipping them with the necessary competencies to catalyse the growth of their enterprises. Qualifying SMEs are eligible for 50- 70% support under SPRING's **Management Development Scholarship**. For more information, visit [www.spring.gov.sg/mds](http://www.spring.gov.sg/mds).

We are pleased to introduce a new six-part series on Productivity. In this series, you can look forward to useful tips on how to measure your company's productivity and how to use productivity tools for a competitive and sustainable business. In this first instalment, we look at how productivity has evolved.

## Rethinking Productivity: Why it is Crucial for Business Sustainability

In this new economy, enterprises need to look beyond immediate profits and focus on building a sustainable business. One way to do this is to improve productivity, which helps a company sharpen its competitive edge.

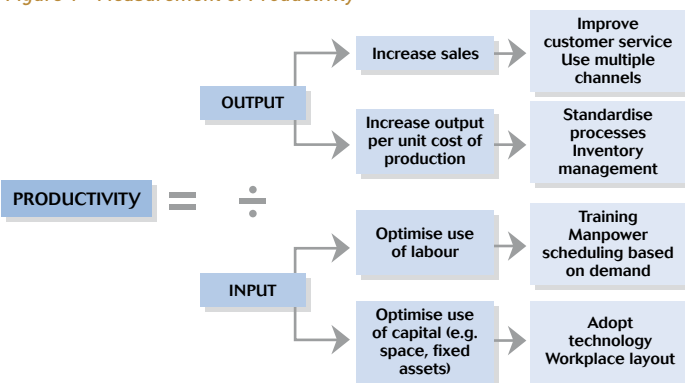
Productivity is not just about being "faster" or "cheaper." Nor does it rely solely on technology or skills upgrading. Productivity is about adding value which will ensure that our products and services are competitive in the global markets. This, in turn, will ensure better jobs and higher standards of living.

### Putting the House in Order

One of the first things a company can do is to review its current operational model.

Productivity measures how effective and efficient a company is in using its resources to deliver its products or services. Put simply, productivity is a ratio of Output (e.g. sales generated, number of units produced, number of customers served) to Input (e.g. costs incurred, number of employees). However, there is increasing emphasis on measuring productivity in a more holistic and systematic manner. This takes into consideration intangible outcomes such as the quality of the Output. Figure 1 below shows how productivity is now measured.

Figure 1 - Measurement of Productivity



Since the 1980s, productivity has been measured as "value-add", which has a direct link to the profitability of a company. Value-add is the additional value that employees create when raw materials are translated into products and services. For example, in a restaurant, raw food ingredients are prepared by kitchen staff and transformed into a meal, which is served by service staff to customers.

Value is thus created, a portion of which is then distributed back to those who have contributed to its creation, for instance, as wages to the employees (or labour costs). Looked at simplistically, lower costs translate directly to higher profits, so if a company reduces the wages paid to its employees, that results immediately in increased profits. However, lowering wages to increase profits is likely to sour relations between the employees and the management, which

will, in turn, have a negative impact on operational efficiency and eventually, profitability.

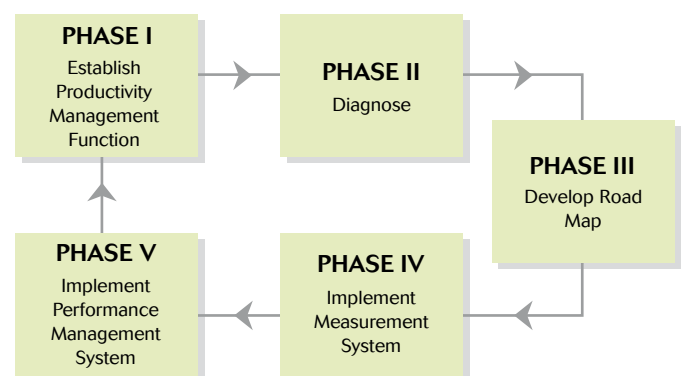
Productivity experts are now urging businesses to take a "top line", instead of a "bottom line" or profit-driven approach. This means that instead of merely cutting costs, businesses should look for more sustainable ways to improve productivity, such as training and workflow redesign.

To achieve this, companies are encouraged to appoint a key staff member as productivity manager to drive the implementation and measure the effectiveness of its productivity efforts.

### Identifying the Main Driver

The productivity manager should be responsible for implementing productivity at every level— from strategic planning with the management team to coordination, monitoring and measurement of the company's productivity projects. It is thus important that they are equipped with the people skills in addition to sound knowledge of the relevant productivity concepts and tools.

Figure 2 - The IMPACT Framework



A good way to start is by doing a self-assessment using the Integrated Management of Productivity Activities (IMPACT) framework, which helps enterprises manage and improve their productivity in a systematic manner. The five critical phases are outlined in Figure 2 above. Enterprises which have gone through the IMPACT assessment found it helped them to:

- Identify their strengths and weaknesses in productivity management
- Benchmark themselves against other enterprises in the same industry
- Identify areas to focus on for improving productivity; and
- Develop a roadmap of specific actions to do so.

Stay tuned to the next issue for more details on how you can make IMPACT work for your company too!

## JP Pepperdine Group: Getting the House in Apple-Pie Order



Mr Jerry Lim, Senior Marketing Manager, JP Pepperdine Group

Jack's Place restaurant was a household name serving Western food and operated as a family-owned chain of restaurants, with each being operated by different family members. While it allowed for autonomy in management at branch-level, there were inconsistencies in product offering and service as well as operational redundancies. For example, the colour of napkins and how customers were served varied from branch to branch, recalled its senior marketing manager, Mr Jerry Lim.

Then came the pivotal decision to run all the Jack's Place restaurants together. In 1986, the holdings company, which is now known as JP Pepperdine Group, was formed to manage all its restaurants throughout Singapore. One of the first decisions made, said Mr Lim, was to improve productivity and standardise its operations. This was critical to ensure its continued competitiveness in a market where its rivals were doing likewise. To streamline operations, a central kitchen was set up in 1991. This made a lot of sense, said Mr Lim, since the group offers mainly Western-style fare at its restaurants. The central kitchen improved efficiency in processes such as consolidating meat orders from different countries and portioning them. This also ensured quality control and consistency of the end product, which is possible only by operating from a central location. As the group's

restaurants and catering business also offer pastries, the central kitchen includes a bakery section.

Other workflow redesigns included the restaurants' onsite clearing areas. Citing its latest restaurants in the Woodlands Civic Centre as an example, Mr Lim said that with Jack's Place next to Restaurant Hoshigaoka, its area manager needs to supervise only one team of cleaners for both outlets, which is more efficient than employing two separate teams.

### A Productive Frontline Team: The Restaurant Task Cycle

"We attend to every customer as quickly as possible. For example, the soup is usually served within three minutes, and the mains within 15 minutes, so we don't keep the customer waiting," says Mr Lim. Interestingly, despite specialising in Western-style fare, the inspiration for this faster service came from none other than the traditional Chinese restaurant, where each service staff has a specific role, from taking orders to serving food. In contrast, the practice in Western restaurants is to have a service staff responsible for a particular section and covering all aspects, from taking the order to serving the food and generating the bill.

### Transitioning to a More Efficient Team

The management team realised that to sustain profitability through productivity, the group had to constantly fine-tune its operations to stay ahead of the competition. In 2011, the company equipped staff at four of its restaurants with mobile devices to take orders more quickly and accurately. In recent years, JP Pepperdine had also diversified the business to include the halal "Eatzi Gourmet" and Japanese "Restaurant Hoshigaoka" eateries.

Its efforts have paid off, judging from the results of a 2010 study by the Boston Consulting Group on the productivity levels of JP Pepperdine's restaurants. The results showed its employees performed 20% better than the industry average in terms of value-add, sales, labour efficiency, seating and sales per square foot.

"We are very proud of the findings, even if a little surprised," shared a beaming Lim. "Productivity is a continuous effort, and we will keep working at it to stay ahead."

## Productivity Happenings

Date	Event Name	Venue	Organiser
11 Jan 2012	SAP & INECOM : Supercharge Your Manufacturing Productivity	2 Bukit Merah Central, SPRING Singapore Building, Level 8, Training room 2	Singapore Manufacturers' Federation (SMA)
12 Jan 2012 10am – 1:10pm	Project-i TV Seminar	Intercontinental Hotel, Grand Ballroom, Level 2	Mediacorp
16 Jan 2012	Presentation on "Productivity through Infocomm Technology"	SPRING Singapore Building, Level 7, 2 Bukit Merah Central, Singapore 158935	Singapore Manufacturers' Federation (SMA)
18 Jan 2012 2 – 5pm	Seminar on Productivity Gain-sharing	Grand Copthorne Waterfront Hotel, Grand Ballroom, Level 4, 392 Havelock Road Singapore 169663	Singapore National Employers Federation (SNEF)
19 Jan 2012 2 – 5pm	Workshop on HR Management and Productivity for SMEs	10 Hoe Chiang Road, #21-01 Keppel Towers, Singapore 089315	Singapore National Employers Federation (SNEF)



# Safer Goods for Our Homes

We come into contact with many consumer goods every day.

Toys, clothing, furniture and many more. We use them daily.

The **Consumer Goods Safety Requirements Regulations** help make our homes safer for our family.

Find out more at  
[www.spring.gov.sg/productsafety](http://www.spring.gov.sg/productsafety)

**SPRING**  
singapore

Enabling Enterprise

In today's globally-connected environment, start-ups with a strong drive to succeed do not have the luxury of growing slowly. Instead, they need to think of going global from day one, especially in countries with small domestic markets like Singapore. To encourage more people, especially the youth, to embrace entrepreneurship, the Global Entrepreneurship Week (GEW) has been organised in more than 100 countries. GEW was held in Singapore from 8 to 20 November in 2011.

## The World is Your Oyster!

### L'ILE AUX ASHBY –

#### Making waves across the globe

Fresh-faced Rayson Tan, 27, is already impressing international fashion designers and discerning customers around the world with his unique designs. Upon graduating from the LASALLE SIA College of the Arts with a major in Communications Design in 2005, Rayson set up his own brand, L'ILE AUX ASHBY, and has been churning out one-of-a-kind accessories with a strong focus on detail. Rayson chose a French name for his label as he believes Paris is the major fashion centre of the world and it would resonate well with international audiences. His hard work has certainly paid off, as L'ILE AUX ASHBY has made headlines in numerous local, regional and international media, including Straits Times URBAN, Vogue and Elle China.

"The first fashion bazaar that L'ILE AUX ASHBY participated in featured an eclectic mix of accessories, including necklaces, earrings and key chain charms. I didn't follow any particular theme, and each item was a one-off design, developed in a somewhat random manner. As such, I was pleasantly surprised when all my pieces sold out," says Rayson.

This success led Rayson to develop a full collection of accessories and to branch out to tailor-made clothing for a short stint. He displayed this collection at the Market of Artists and Designers (MAAD), and exhibited for a year at the Red Dot Design Museum. Rayson has been working from home and selling selected pieces on a consignment basis at various local concept outlets. In this way, L'ILE AUX ASHBY has been able to penetrate the local market without incurring any rental cost.

In 2010, Rayson received funding from SPRING Singapore's **Young Entrepreneurs Scheme for Startups (YES! Startups)** scheme and started thinking seriously about his business. He opened the first L'ILE AUX ASHBY retail outlet in Parco Next NEXT at Millenia Walk and featured his designs on NotJustALabel.com, where he successfully sold his creations to customers based in London and



Founder of L'ILE AUX ASHBY, Mr Rayson Tan



New York. Mr Fabien Pacory, Head of Digital for Born China, currently acts as both a friend and creative mentor to Rayson. Through the support of Mr Pacory and Mr Chopin, Chairman of the Born Group, Rayson is on track to introduce his label to overseas markets such as Hong Kong, China, France, Brazil and Germany.

"I have observed an increasing amount of interest in L'ILE AUX ASHBY on the international scene, and I'll leverage this to reach out to customers globally. It's crucial for me to make the most of this

opportunity to tap the bigger market outside," explains Rayson, who is currently focusing on creating bold, statement pieces which are more attention-grabbing and more popular with customers from overseas.

**"L'ILE AUX ASHBY is making good headway in both Asia and Europe. For example, nana & bird, one of our stockists in Singapore, featured L'ILE AUX ASHBY at their Shanghai pop-up last November."**

"I've also been invited to attend the Born Designers Festival in Courchevel, France, this January. If I can make Paris my base, I will be able to grow L'ILE AUX ASHBY into a truly international brand. I'm very thrilled to be given this opportunity!" exclaims Rayson.

## ANGEL INVESTORS TAX DEDUCTION SCHEME (AITD)

### WHAT IS IT?

This is a tax incentive which aims to stimulate business angel investments into Singapore-based startups and encourage more angel investors to add value to these startups.

### WHAT LEVEL OF SUPPORT?

An approved angel investor who commits a minimum of \$100,000 of qualifying investment in a qualifying startup within a given year shall enjoy a tax deduction at the end of a two-year holding period based on 50% of his investment costs, subject to a cap of \$500,000 of investments in each Year of Assessment (YA). The tax deduction will be offset against total taxable income.

### HOW TO QUALIFY?

Individual investors must fulfill the following:

- Make the investment at the individual level
- Demonstrate the ability to nurture investee companies by possessing at least one of the following characteristics:
  - Experienced angel investor with experience in early-stage investments

- Experienced/serial entrepreneur with an entrepreneurial track record
- Senior management professional/executives with corporate senior management experience

Investee companies must fulfill the following:

- Be a Private Limited Company incorporated in Singapore for no more than three years from the date of first investment
- Have at least 50% of its total issued share capital beneficially held by no more than 20 individual shareholders
- Does not hold more than 25% of the issued share capital or 25% of the debt capital within a period of two years prior to the date of first investment
- Have business operations in Singapore and be a Singapore tax resident for the entire holding period of the investment

### HOW TO APPLY?

For more information on AITD, visit [www.spring.gov.sg/aitd](http://www.spring.gov.sg/aitd)



## SPRING STARTUP ENTERPRISE DEVELOPMENT SCHEME (SPRING SEEDS)



### WHAT IS IT?

This is an equity-based co-financing option for Singapore-based startups with an innovative product or process and possess intellectual content and strong growth potential in international markets.

SPRING SEEDS Capital Pte Ltd (SPRING SEEDS Capital), a subsidiary of SPRING Singapore, manages this investment fund.

### WHAT LEVEL OF SUPPORT?

SPRING SEEDS Capital co-invests in commercially viable local startups together with

independent third-party investor(s), matching dollar-for-dollar up to S\$1 million.

### HOW TO QUALIFY?

Interested startups should:

- Be a Singapore-based company with core activities carried out in Singapore
- Be incorporated as a private limited company for less than five years
- Have paid-up capital of at least S\$50,000, but not more than S\$1 million
- Show evidence of substantial innovative and intellectual content for its product, service or application
- Have high growth potential with clear scalability for the international market
- Have identified a ready, independent third-party investor(s) who is prepared to invest at least S\$75,000 in the business and conduct due diligence on the company

Investors must:

- Not have prior interest in the company at the time of application
- Possess management experience, relevant business contacts or the necessary technical expertise to add value to the startup
- Not be related to the founder(s) of the startup
- Maintain arm's length transactions with the founder(s) and startup
- Have at least one third-party investor or his nominee take a Board of Directors seat in the startup should the investment be supported by SPRING SEEDS Capital

### HOW TO APPLY?

Contact SEEDS Capital Pte Ltd c/o SPRING Singapore  
Tel: +65 6279 3806  
Email: [SEEDS@spring.gov.sg](mailto:SEEDS@spring.gov.sg)  
Website: [www.spring.gov.sg/seeds](http://www.spring.gov.sg/seeds)

## BUSINESS ADVISORS PROGRAMME (BAP)

### WHAT IS IT?

The Business Advisors Programme (BAP) matches Business Advisors (BAs) as qualified professionals to SME projects. BAP enables SMEs to draw from the BAs' experience, expertise and business contacts to improve their businesses and processes. The advisory projects typically last up to six months with specific deliverables. The Singapore Institute of Management (SIM) has been appointed by SPRING Singapore to administer the programme.

### WHAT LEVEL OF SUPPORT?

SPRING co-funds 50% of the fees paid to the business advisor, which is fixed at S\$5,000 per month. The SMEs pays the other 50% plus an administration fee which is fixed at 3% of the total project cost.

### HOW TO QUALIFY?

Applicants must meet the following criteria:



- Have at least 30% local shareholding with at least \$1 million in turnover, and
- Have group annual sales of not more than \$100 million, or group employment size of not more than 200 employees

### HOW TO APPLY?

Visit <http://bap.sim.edu.sg/BAP/index.asp> for more information and registration. For enquiries, email: [bap@sim.edu.sg](mailto:bap@sim.edu.sg)

## Useful Contacts

### Enterprise Development Centres (EDCs)

#### Association of Small and Medium Enterprises (ASME)

EDC@ASME  
167 Jalan Bukit Merah  
Tower 4 #03-13  
Singapore 150167  
Tel: (65) 6513 0388  
Email: [enquiries@edc-asme.sg](mailto:enquiries@edc-asme.sg)  
Website: <http://www.edc-asme.sg/>

#### Singapore Chinese Chamber of Commerce and Industry (SCCCI)

EDC@SCCCI  
47 Hill Street  
#09-00  
Singapore 179365  
Tel: (65) 6337 8381  
Fax: (65) 6339 0605  
Email: [edc@edc-sccci.sg](mailto:edc@edc-sccci.sg)  
Website: <http://www.edc-sccci.sg/>

#### Singapore Indian Chamber of Commerce and Industry (SICCI)

EDC@SICCI  
SICCI Building  
31 Stanley Street  
Singapore 068740  
Tel: (65) 6508 0147  
Email: [edc@edc-sicci.sg](mailto:edc@edc-sicci.sg)  
Website: <http://www.edc-sicci.sg/>

#### Singapore Malay Chamber of Commerce and Industry (SMCCI)

EDC@SMCCI  
15 Jalan Pinang  
Singapore 199147  
Tel: (65) 6293 3822  
Fax: (65) 6293 3905  
Email: [gadvisory@edc-smcci.sg](mailto:gadvisory@edc-smcci.sg)  
Website: <http://www.edc-smcci.sg/>

#### Singapore Manufacturers' Federation (SMa)

EDC@SMa  
SPRING Singapore Building  
2 Bukit Merah Central  
#08-00  
Singapore 159835  
Tel: (65) 6826 3020  
Fax: (65) 6826 3021  
Email: [edc@edc-sma.sg](mailto:edc@edc-sma.sg)  
Website: <http://www.edc-sma.sg/>

#### Singapore Accreditation Council

1 Fusionopolis Walk, #01-02  
South Tower, Solaris  
Singapore 138628  
Tel: (65) 6279 1855  
Fax: (65) 6659 0640  
Email: [sac@spring.gov.sg](mailto:sac@spring.gov.sg)  
Website: <http://www.sac-accreditation.gov.sg>

#### Sales of Standards

Toppan Leefung Pte. Ltd.  
1 Kim Seng Promenade, #18-01  
Great World City East Tower  
Singapore 237994  
Tel: (65) 6826 9691  
Fax: (65) 6820 3341  
Email: [singaporestandardseshop@toppanleefung.com](mailto:singaporestandardseshop@toppanleefung.com)  
Website: <http://www.singaporestandardseshop.sg>

#### Standards Collection

National Library Board  
100 Victoria Street  
Lee Kong Chian Reference Library, Level 7  
Singapore 188064  
Hotline: (65) 6332 3255  
Email: [ref@nlb.gov.sg](mailto:ref@nlb.gov.sg)  
Website: <http://libguides.nl.sg/standards>

### Standards Development Organisations

#### Singapore Manufacturers' Federation Standards Development Organisation

2 Bukit Merah Central, #03-00  
SPRING Singapore Building  
Singapore 159835  
Tel: (65) 6826 3088  
Fax: (65) 6826 3113  
Email: [tan\\_jinsoon@sma-sdo.org.sg](mailto:tan_jinsoon@sma-sdo.org.sg)  
Website: <http://www.sma.sg>

#### Singapore Chemical Industry Council Standards Development Organisation

8 Jurong Town Hall Road  
#25-04, The JTC Summit  
Singapore 609434  
Tel: (65) 6267 8930  
Fax: (65) 6267 8893  
Email: [terencekoh@scic.sg](mailto:terencekoh@scic.sg)  
Website: <http://www.scic.sg>

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