Sowing the Seeds of Startup Growth

Almost a decade into nurturing startups in Singapore, the Action Community for Entrepreneurship (ACE) is charting a new direction that will give aspiring entrepreneurs improved access to the resources and networks needed to build successful and sustainable businesses.

KNOW YOUR STRENGTHS
A thorough understanding of its customers and the marketplace allows The Mobile Gamer to dominate a segment of the mobile gaming market.

MAKING TRAVEL A BREEZE
Roadhop aims to simplify the travel research process by consolidating information about non-flight travel options around the world.
Almost a decade into nurturing startups in Singapore, the Action Community for Entrepreneurship (ACE) is charting a new direction that will give aspiring entrepreneurs improved access to the resources and networks needed to build successful and sustainable businesses.
The Action Community for Entrepreneurship (ACE) will be seeding 500 startups through funding, mentorship and networks as part of renewed efforts to promote entrepreneurship in Singapore.

This was announced by Minister of State for Trade and Industry, Mr Teo Ser Luck (left), who is also the Chairman of ACE, at a news conference on 19 Jan to unveil plans to create a more entrepreneurial Singapore.

To chart the new direction and drive entrepreneurship development efforts, a Steering Committee and five Sub-Committees have been set up. The Sub-Committees will link entrepreneurs with critical resources such as mentors and local and overseas networks.

Seed funding of up to $50,000 is available under the ACE Startups programme, which will replace SPRING’s Young Entrepreneurs Scheme for Startups (YES! Startups) w.e.f. 1 Feb. The new programme will do away with the requirement for applicants to be below 26 years old.

It was announced at the SPRING Year-in-Review on 30 Jan that 3,900 SMEs were supported in capability upgrading projects last year. A total grant of $98 million was committed to a wide range of areas such as productivity improvement, technology innovation, service excellence, human capital and business capabilities upgrading.

Despite the global economic slowdown, rising business costs and a tight labour situation, local SMEs continued to upgrade their capabilities and improve productivity in order to stay competitive and tap opportunities in the global market.

When fully implemented in the next three years, these SMEs are expected to create more than 15,000 new jobs and generate an additional value-added of $4.4 billion for the economy.

Stay tuned to the next issue of SPRINGnews for the cover story!
Thinking about starting a business? According to the World Bank’s latest Ease of Doing Business Index, Singapore is one of the best places in the world to do so. Not only does Singapore rank first overall for ease of doing business, it also comes in fourth globally for ease of starting a business. While this may sound like startup heaven, ACE still believes that more can be done to support entrepreneurs and grow successful new businesses here.

**Laying the foundation**

Since its formation in 2003, ACE has had a significant impact on the entrepreneurial landscape in Singapore. Key areas of focus have included improving the financing options available to startups and SMEs and working with the Pro-Enterprise Panel to review and simplify close to 1,000 rules and regulations. Furthermore, ACE initiatives such as the First Mover Framework have sought to provide innovative business ideas with an advantage in order to maximise the use of public assets. These efforts have resulted in positive changes for startups – a recent study by the US-based Milken Institute ranked Singapore fourth out of 122 countries and second in Asia for providing capital access to entrepreneurs.

ACE’s outreach efforts, through its entrepreneurs and volunteers, have also spread the “startup spirit” to more than 60,000 students through talks and workshops to date. This has resulted in a noticeable change in the way that Singaporean students view entrepreneurship. A recent Global University Entrepreneurial Spirit Students’ survey revealed that almost 80% of local students indicated that they intend to start their own businesses.

**A new direction**

Yet ACE has made it clear that it will not rest on its laurels. As Minister of State for Trade and Industry and ACE Chairman, Mr Teo Ser Luck (above), explains, there is a need to refocus ACE’s efforts to reflect the changes and achievements of the past nine years.

“When ACE was formed almost a decade ago, the focus was on areas like financing, rules and regulations, internationalisation and fostering a culture of entrepreneurship. This has over the years helped to create a pro-enterprise environment, and a culture that is more receptive towards entrepreneurship. Going forward, we will focus more on helping individual aspiring entrepreneurs to start their companies and guide them to become sustainable businesses.”

This new direction will focus ACE’s efforts on supporting startups from conception to beyond the startup phase. “While we will be providing seed funding, our main focus is to link entrepreneurs to critical resources beyond funding, such as mentorship and networks,” says Mr Teo. “These will make a difference to whether they succeed and create better jobs for Singaporeans.”

And with SMEs employing seven out of 10 workers in Singapore, it is indeed critical that new companies develop in such a way that they can offer not just jobs, but ones that are sought after and of good quality.

**Five ways forward**

To better serve the needs of entrepreneurs and startups, ACE has identified five areas of focus, each with its own dedicated
Sub-Committee to drive its efforts. To help startups find their feet and develop into sustainable businesses, the Mentoring Sub-Committee aims to provide entrepreneurs with access to valuable advice and knowledge through regular contact with experienced mentors. The goal is to accelerate startup growth in terms of scale and market value. “As mentors, we are given the opportunity to share our knowledge, expertise and philosophy, as well as the experience gained over the course of running our own businesses,” says Dr Steven Fang, Group CEO of Cordlife Ltd, ACE Deputy Chairman and also Mentoring Sub-Committee Chairman. “Apart from sharing expertise, mentors will also be able to share their contacts and networks to help startups in business building.”

Closely connected to Mentoring is the second focus – Networking – which aims to provide suitable platforms for startups to network with fellow entrepreneurs, potential investors, mentors, customers and partners. “We want to build a community for people to initiate formal and informal networks to drive innovation and entrepreneurship,” says Mr Teo. “This is an important part of the overall ecosystem to support and promote entrepreneurship.”

Networking is of particular importance when a company starts to venture overseas. New markets, new cultures and new partners can be a challenge to even the best prepared entrepreneurs. To help, ACE’s third focus – Overseas Chapters – aims to replicate at least some parts of what ACE does in overseas markets, providing startups with a ready pool of connections and resources to tap as they look beyond Singapore’s shores.

ACE’s first Overseas Chapter will be set up in Beijing and eventually rolled out to other cities, providing startups with a ready pool of connections and resources.

Mr James Tan, ACE Overseas Chapters Sub-Committee Chairman and Co-founder of 55tuan.com, explains: “The size of Singapore’s domestic market means that going global is a natural and necessary step for companies that want to grow. We also recognise that sometimes an idea that might not work in Singapore might work overseas given the right ingredients. Each ACE Overseas Chapter will provide a platform – a wok – for the sprinkling of these ingredients. We hope that this results in many good dishes!”

“The first Overseas Chapter will be set up in Beijing and, like a startup, we will iterate and perfect the model as we move along and eventually roll it out to other cities.”

The fourth area is ACE Startups, which replaces the youth-focused YES! Startups scheme, and provides aspiring Singaporean entrepreneurs with funding support. It offers grant support of up to $50,000 to help entrepreneurial individuals take the first step in starting and building new, differentiated businesses.

“The new scheme now opens the grant to all Singaporeans who have a brilliant business idea and are looking to start a business for the first time,” says Mr Sim Choon Siong, the ACE Startups Sub-Committee Chairman and SPRING Singapore’s Director of Entrepreneurship Development. “Any Singaporean with a good, differentiated business idea, the dream to make it big, and the drive to execute it can apply for this grant.”

Increasing awareness and changing mindsets

The fifth area of focus is Communications – reaching out to all Singaporeans to promote entrepreneurship and a greater awareness of what ACE can do to help startups. “The entrepreneurship scene locally is very different from what it was when ACE first started,” says ACE Communications Sub-Committee Chairman, Mr Prakash Somosundram, who is also Social Media Director at Yolk Pte Ltd. “Currently there are many competitions, platforms and publications that are dedicated to the startup community. We are looking at galvanising the current resources available in the ecosystem to work better and to amplify the message and ACE’s capabilities, taking them to a whole new level.”

Mr Prakash Somosundram (left) and Mr Sim Choon Siong

To achieve this, ACE will undergo a brand refresh, as well as develop a communication plan to reach out to a wider audience, especially with the youth, says Mr Somosundram. “One of the big plans is to evolve the website from being purely informational to something that would become a hub for startups. In a nutshell we are looking at bringing ACE into the social media age to catalyse a whole new movement of change.”

And change is what will be required to develop a truly vibrant startup sector in Singapore, says Mr Teo. “We want to inspire a diversity of Singaporeans to come forward and pursue entrepreneurship, to encourage people to be risk takers and to think differently. One of the problems today is that we tend to look at obstacles before opportunities. So a key objective for ACE is to get people to see the opportunities, think about how they can achieve them, and make them a reality, rather than thinking about what is stopping them.”

To find out more about ACE and how it can help you turn your ideas into a new business venture, visit http://ace.sg. Learn how two Singapore companies – In Vitro and I Heart Board Games – had successfully leveraged the support available to start and grow their businesses.
Growing fresh air

Indoor air can be a toxic brew, but In Vitro can help you breathe easy with its plant-based air purifier, Botanicaire.

If you thought you could escape from the fume-filled streets by staying indoors, think again.

The quality of indoor air can be just as bad as, or worse than, outdoor air, and long term exposure to volatile organic compounds (VOCs), which are emitted by man-made products from furniture to office machinery, can cause discomfort such as nausea and dizziness.

While an air purifier may be the answer to cleaner air, not many are effective in removing VOCs from the air. But In Vitro’s managing director Kris Soh (right) believes he has found the solution to improve indoor air quality by using nature’s own hazmat squad: plants.

Botanicaire was grown out of an Ideas Inc Business Challenge competition organised by Nanyang Technological University and SPRING Singapore in 2010. The biological air purifier channels air through water to remove dust particles and directs it over a composition of plants to eliminate VOCs. The cleaner air is then released into the room environment through openings at the top of the air filter.

According to Mr Soh, In Vitro’s proprietary Nuvoc™ technology, which is made up of a formula of microbial strains that breaks VOC gases down into harmless particles, removes 70% of VOCs in a 200-square-foot room in an hour. The plants remove the remaining 29%.

Unlike other house plants that require constant maintenance, the plants in Botanicaire, which are placed in cartridges called ‘plant sushi’, do not require frequent watering and can be replaced easily once every three to six months.

As one of the six finalists in the competition, In Vitro also received $50,000 in startup funds from SPRING. “We are grateful for the support from SPRING because it kick-started our business. They have also linked us up with customers, investors and business angels, which was very helpful as I did not have much business experience,” explains Mr Soh.

Healthy sales

Despite only releasing Botanicaire to the market a year ago, Mr Soh says that “sales have been healthy”, with about 400 to 500 units of Botanicaire sold so far.

He adds: “I would say that the demand has outstripped the supply so far and we are looking to increase production. As all our units are handmade, this will not be feasible in the long run and we will need to find new ways to produce in the thousands.”

Besides Botanicaire, Mr Soh also created Plant-in-a-Bottle, a plant contained in a reused glass bottle that can grow in a nutritious gel without needing sunlight or water. “This is more of an aesthetic product, which has been very well received. They are very popular as corporate gifts, and during the Christmas period last year, we had an order for 600 bottles at one time,” he says.

Botanicaire, which are placed in cartridges called ‘plant sushi’, do not require frequent watering and can be replaced easily once every three to six months.

Future plans

Going forward, Mr Soh plans to introduce Botanicaire to countries such as Hong Kong and China, where air pollution is a serious issue. Apart from increasing the production quantity, Mr Soh wants to develop large-scale Botanicaire units for industrial sites.

“We will need more funding to move into our next stage of growth. We are working on developing a more robust version of Botanicaire that can remove odours, and we hope to increase the coverage of the unit,” says Mr Soh.

Even with the positive business growth, it is not all a bed of roses. Mr Soh is quick to point out that with the expansion, nurturing the right people to grow the business is always at the back of his mind. “One of the biggest challenges is finding top talent. The product definitely has potential, but without the right talent to develop it, we will not be able to expand.”

While a good salary and benefits package are the main drawing cards, Mr Soh says that it is important for employees to feel a sense of achievement, that they are part of a pioneering startup. “I need to pay my staff well and ensure that they are financially secure. It does not necessarily have to be in the form of a high starting pay. A reward can be offered if they reach a certain milestone,” he adds. “You must challenge your staff to learn more and to let them take ownership of the business. Most importantly, they must feel happy.”

Yet, despite the obstacles, Mr Soh remains positive about the future, and believes that persistence is vital for business success. “It is not easy to start a business but I believe the key to success is endurance, no matter how capable you might be,” he says.

Take advantage of opportunities to network and learn from others, particularly in areas where you don’t have much experience. Persistence and determination when faced with challenges are the keys to success in a new business venture.
Many entrepreneurs set out to build a business around what they believe to be a brilliant idea, but the reality is that this idea is only the starting point – inevitably, plans change and evolve.

In mid-2009, Andrew Chia and Marjorie Van Der Straaten decided to turn their passion for board games into a business. Their idea: to set up a small shop selling a wide range of board games at reasonable prices both in the store and online. Given their lack of business experience, they approached the business advisory committee at Singapore Polytechnic, Mr Chia’s alma mater (Ms Van Der Straaten is a graduate of Ngee Ann Polytechnic), for feedback on their business plan. However, the committee’s response was not what they had hoped to hear.

“They told us that it was not a very interesting concept because it didn’t involve any innovation and so anybody could do the same thing,” says Ms Van Der Straaten. “They told us to go away, come up with an actual new game and then see where this product could take us.”

Rather than being put off by having their initial concept shot down, the pair took the committee’s advice to heart. Before long, they had conceptualised a new game called Weird Tales, which would become their first big success, and put together a new business plan based on developing their own board games. With that, I Heart Board Games was born.

Tweaking the business model
“We don’t believe that our business model should be set in stone because things change, and you can’t have control over those things, so you need to be flexible,” says Ms Van Der Straaten.

Today, the company has two key lines of business: developing and selling its own board games, and running tailor-made programmes for schools that encourage learning through play. For the latter, I Heart Board Games provides enrichment programmes that address parts of the school curriculum, such as vocabulary development or creative storytelling, in a fun and engaging way. For example, this can be done through its Weird Tales game, which requires players to make up a story based on the images shown on game cards.

In addition to expanding the scope of its business, I Heart Board Games has also grown in terms of manpower over the past two years. Today, the company consists of a team of nine people: the core team includes the two founders, a full-time illustrator and a marketing person, while another five freelancers help with the school programmes and other aspects of the business as required.

In February 2010, the company received a significant boost in the form of a grant through SPRING Singapore’s Young Entrepreneurs Scheme for Startups (YES! Startups), which matched $4 for every $1 of funding raised by I Heart Board Games. This funding provided the initial capital needed to get their business off the ground.

Listening with a pinch of salt
Right from the start, Mr Chia and Ms Van Der Straaten have sought and received input and advice from others to aid them in the development of their business. For instance, in June 2010 they joined NEST, a peer mentorship programme for young entrepreneurs. Monthly NEST meetings provided them with an opportunity to meet other young people running start-ups and seek the advice of mentors on a wide range of business issues.

“They were enthusiastic, open to receiving advice and feedback on their business, and took active steps to engage with and learn from the mentors in NEST,” recalls Mr Ken Koh, NEST’s founder and Managing Director of Talentpreneur Hub Pte Ltd.

Listening to different perspectives, discussing ideas with mentors, and taking in constructive criticism have been critical to the success of I Heart Board Games. “Listen to everything that people say with a pinch of salt. You don’t have to follow whatever advice they give you, but you should at least listen to it and then make up your own mind about whether or not it makes sense for you,” says Ms Van Der Straaten.

While learning from those more experienced than you is an important process for all new entrepreneurs, Mr Chia notes that ultimately you need to take your business in what you believe to be the best direction. “It’s up to you – you’re the boss. At the end of the day, you can listen to everyone, but you still have to make your own decisions.”

Look for advice and criticism about your business wherever you can, but be discerning about the advice you follow and that which you ignore. To find out how NEST can help you develop your business idea, visit www.thenestclub.com.
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

Productivity Management Programme (PMP). Get expert advice on how to raise your company's productivity.

Offered at any of the five Enterprise Development Centres (EDCs), the Productivity Management Programme (PMP) will connect you to Productivity Advisers who can help identify your business’ strengths, highlight areas for improvement and even guide you to schemes that can assist your company’s productivity journey.

Contact these EDCs today!

EDC@ASME
Association of Small and Medium Enterprises
T : 6513 0388
E : enquiries@edc-asme.sg
W: edc-asme.sg

EDC@SCCCI
Singapore Chinese Chamber of Commerce and Industry
T : 6337 8381
E : edc@edc-sccci.sg
W: edc-sccci.sg

EDC@SICCI
Singapore Indian Chamber of Commerce and Industry
T : 6508 0147
E : edc@edc-sicci.sg
W: edc-sicci.sg

EDC@SMa
Singapore Manufacturers’ Federation
T : 6826 3020
E : edc@edc-sma.sg
W: edc-sma.sg

EDC@SMCCI
Singapore Malay Chamber of Commerce and Industry
T : 6293 3822
E : gadvisory@edc-smcci.sg
W: edc-smcci.sg
Making travel a breeze

Roadhop aims to simplify the travel research process by consolidating information about non-flight travel options around the world.

While planning a trip to Malacca in 2009, Ms Kel Zhang (above) and her sister were frustrated by the lack of available information on long-distance buses. “Although we found a bus that departed from Singapore to Malacca in the morning, we could not find anything on afternoon bus departures, which was strange because such details should be readily available,” says Ms Zhang, the founder of Roadhop. “It was only after posting on several travel forums that we found a place to buy the tickets. It was a very time-consuming way to plan for a trip.”

Recognising the need for consolidated information on non-flight travel options around the world, Ms Zhang and her sister, Wyn, started Roadhop with a $50,000 grant from SPRING Singapore’s YES! (Young Entrepreneurs Scheme) Startups programme in 2010.

Making travel easy

The main benefit of Roadhop, says Ms Zhang, is that it brings together information about bus, train and ferry schedules and ticket prices in Southeast Asia, and allows travellers to save hours of research time.

Unlike travel guides such as TripAdvisor and Lonely Planet, which only offer general directions to travellers, users can enter their starting point and destination in Roadhop’s search engine to find the cheapest way to get from one place to another. They can also create a personal travel log on Roadhop’s Facebook page, which can be shared and viewed by their friends.

“Our site is a useful portal for people who want to travel in the region, such as Malaysia, the Philippines, Thailand and Vietnam. Currently, there isn’t any other website that combines all the non-flight travel information of so many different countries on one platform,” she explains.

During her travels, she observed that many coach operators simply operated from a booth at the bus interchange. Instead of uploading bus route information on a website, the details are printed on flyers, making it difficult for travellers to plan their trips in advance. Ms Zhang hopes to focus on digitising this data to provide complete bus, train and ferry route information for users.

“I think there are many bus companies that find it difficult to upload their bus routes online. There are a lot of small players that do not have the resources to do that, so if we can capture that market, it would be a good business opportunity,” she adds.

The road ahead

With about 17,000 hits and 7,000 visitors per month, Roadhop is gaining traction despite being a young company. “We’ve received some positive reviews about how the website has helped users to plan their trips,” says Ms Zhang.

“One of the greatest challenges is to find out what our users want and to present it in an easy to understand manner,” she adds. “It is also difficult to find talent, which is a precious commodity for startups. How we can attract the best talent to work with us is also a challenge.”

Besides reaching out to computing students in the National University of Singapore and Nanyang Technological University through their internship programmes, Ms Zhang is also building connections with A*Star’s doctoral community at Stanford University to address the company’s need for talent. “From these institutions, we hope to get introductions to talented programmers who are passionate about our vision,” she says.

Ms Zhang believes that one way to deal with these challenges is to heed the advice of others. Through the NEST Mentoring Programme for Entrepreneurs, Ms Zhang received business advice from other business owners.

“We were linked up with entrepreneurs who had started out a few years earlier than us. The access to a community of experienced entrepreneurs who are willing to share their knowledge and expertise was very helpful.”

– Ms Kel Zhang, founder, Roadhop

“Mentoring and networking are the basic essentials of a business,” says Mr Ken Koh, founder of NEST and Managing Director of Talentpreneur Hub Pte Ltd. “The not-for-profit NEST initiative is a peer mentoring platform where successful entrepreneurs mentor aspiring entrepreneurs, helping them to develop as a business person.”

“We were linked up with entrepreneurs who had started out a few years earlier than us. The access to a community of experienced entrepreneurs who are willing to share their knowledge and expertise was very helpful,” says Ms Zhang.

Looking ahead, Ms Zhang plans to expand Roadhop’s coverage to include China and India, as well as the Trans-Siberian Railway. She also hopes to offer an additional service that will allow travellers to purchase coach, train or ferry tickets directly from the Roadhop website.

“We are currently working with transport companies to get their schedules, and we plan to offer ticketing services in the near future,” shares Ms Zhang.

Entrepeneurship is more than just starting a business. It is about identifying unmet societal needs and finding ways to meet them. Increase startup success with practical advice from experienced business mentors.
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

And you can too, anytime

The Technology Enterprise Commercialisation Scheme (TECS) provides you with the vital support and resources to help convert your breakthrough R&D concepts and proprietary IP into a promising business.

We welcome proposals in the following technology areas:

• Biomedical Sciences (excluding Drug Discovery)
• Chemicals, Advanced Materials and Micro/Nanotechnology
• Electronics, Photonics and Device Technologies
• Information and Communication Technology
• Water Technology (Proof-of-Concept only)

For more information on the supported companies and their technology ideas, visit TECS awardees on www.spring.gov.sg/tecsportal

Enabling Enterprise
Know your strengths

A thorough understanding of its customers and the marketplace allows The Mobile Gamer to dominate a segment of the mobile gaming market where big players are hesitant to venture into.

“...it’s all about picking the best thing to do out of the 101 things you can do,” says Mr Alvin Yap (above), CEO of The Mobile Gamer (TMG). “We had to learn, and are still learning every day, how to pick the fights that we can win, how to corner markets that bigger competitors have no resources to tackle.”

With this approach, TMG has established itself as the market leader in mobile social gaming in Southeast Asia. Boasting six games and 2.2 million users, TMG is 10 times bigger than any other games developer on the platforms it uses. Its biggest hit, Monster Fight, has about 1 million users.

TMG has chosen to target games optimised for feature phones (i.e. not smartphones like the iPhone and Android). “Feature phones represent 80% to 90% of the phones in the markets we’re in, so it’s a huge pool of potential users,” explains Mr Yap. “While the smartphone segment is getting a lot of media attention, we’ve decided not to go in simply because it’s not the right time and the company is not ready to compete in that space yet.”

“It’s not easy to resist the momentum and hype of the smartphone market, but it’s something that we’ve chosen to do strategically, and we believe it will work out better for us in the long run,” he says. “We have arranged our products so that a shift to the smartphone market will be an evolutionary process, rather than a revolutionary one.”

Listen and learn

While TMG’s founders first came together in 2008 to enter the NUS Startup @ Singapore competition, where they won the youth category, it took a few years for the company’s business model to evolve to where it is today. “We believe strongly in listening to the market,” says Mr Yap. “Because of the relationships we had built up with stakeholders in the industry, we were able to identify a big gap in the market for mobile gaming. So at the end of 2010, we got started in mobile social gaming.”

Along the way, the TMG team has been able to secure funding from a number of sources, including $50,000 in YES! Startups funding in early 2009. “While $50,000 is not enough to build a business, it is very helpful as a fund to help you fail,” explains Mr Yap. “It’s like the tuition fee that gives you the opportunity and time to learn and understand what you should not do. This was critical, because it allowed us to get the experience and get the team to the next stage, where we raised our first venture financing.”

In 2010 TMG received its first venture investment from Singapore-based Innosight Ventures, followed soon after by an injection of funds from Indian company One97. With close to $1.5 million secured, the company is now looking to raise one more round of funding so that it can execute its aggressive growth plans in 2012.

Levelling up

TMG grew strongly in 2011, opening an office in Jakarta, increasing its team to 15 people, and expanding its user base by close to 2 million. Yet the plans for 2012 are even bigger. In addition to growing the team and entering the Indian market, TMG aims to launch a game a month in 2012 and expects to hit 7 million users by the end of 2012.

This kind of expansion requires a great deal of focus and a keen understanding of what will and won’t work, says Mr Yap. “We have been very disciplined about developing a methodology around how we develop and roll out games. We can now build a game from concept to launch in less than a month.”

“What we do different from a lot of the other companies in the space is that we try to really understand what users want – through focus groups and research – rather than just building what we want,” Mr Yap explains. “We never build an additional feature on a game just because we like it. For all our developers, every feature needs to be justified by a very clear jump in a particular number, otherwise we’ll just chuck it out.”

With this razor-sharp focus on giving users what they want, TMG is poised to grow its dominance of the mobile social gaming market in Southeast Asia and beyond.

“The YES! Startups funding is like the tuition fee that gives you the opportunity and time to learn and understand what you should not do. This was critical, because it allowed us to get the experience and get the team to the next stage, where we raised our first venture financing.”

– Mr Alvin Yap, CEO, The Mobile Gamer (TMG)
The year 2012 has been tipped by most global economists as a year of economic highs and lows, with some markets potentially facing greater challenges than others. In the uncertain months ahead, organisations would need to be creative in implementing business strategies that would enable them to stay afloat and ride out these challenging times.

With manpower-related costs taking up a significant portion of resources, a good strategy for businesses to adopt is to retain and develop existing people instead of hiring new ones. Hiring new people can be expensive – in addition to financial costs, companies have to contend with opportunity costs, in terms of time and productivity loss.

In some cases, the cost of hiring new people can be higher than outsourcing the functions after one takes into consideration the time invested in the hiring process. This includes understanding the requirements of the position being filled, reviewing potential candidates, preparing for interviews, conducting reference checks, making employment offers, and notifying unsuccessful candidates – a process taking anything from 30 to over 100 hours per position. According to expert estimates, for each position left vacant, the potential losses are about 50% of the outgoing employee’s salary, even after taking into account another employee covering these duties.

In view of this, organisations should focus on building a stable team of employees who will see them through both good and bad times. Organisations which establish effective structures to reward and motivate their people are more likely to thrive, even under tough conditions. One way to do this is through “gainsharing”, where a portion of the gains generated by the organisation is distributed back to its people as an incentive to encourage productivity. It also functions as an effective productivity management system to encourage continued delivery of quality work and innovation.

**Fitting gainsharing into a wage structure**

Typically, the wage structure of an organisation in Singapore comprises the basic wage and a variable component. The variable component is made up of the Annual Wage Supplement (commonly known as the 13th month payment), a Monthly Variable Component (MVC), and other variable bonuses. Productivity gains may be given out as bonuses or incentives as part of the variable component. The frequency of the payments can be based on how productivity is measured, as well as the existing wage structure.

<table>
<thead>
<tr>
<th>Gainsharing vs Profit-sharing</th>
<th>Gainsharing</th>
<th>Profit Sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aim</strong></td>
<td>To drive productivity improvement and overall performance - Links productivity performance to rewards</td>
<td>To drive the financial success of the organisation</td>
</tr>
<tr>
<td><strong>Basis for Incentive Payout</strong></td>
<td>- Payout based on productivity-related measures, with improvements in performance - As a pay-for-performance initiative</td>
<td>- Payout is based on financial indicators that measure profitability - Given out only when the company is profitable - Profit-sharing is seen as an entitlement or employee benefit</td>
</tr>
<tr>
<td><strong>Source of Funding</strong></td>
<td>Payouts come from savings or increased revenue from productivity improvements. Hence, employees may still receive payouts even if the organisation is not profitable</td>
<td>Payouts are funded through the profits</td>
</tr>
<tr>
<td><strong>Scheme Design and Development</strong></td>
<td>Employees are involved in designing the gainsharing scheme</td>
<td>Limited employee involvement in the design process</td>
</tr>
<tr>
<td><strong>Impact on Attitudes and Behaviour</strong></td>
<td>Promotes teamwork and improves performance</td>
<td>Limited impact on behaviour. Many factors that affect the organisation’s profitability may not be within the employees’ control</td>
</tr>
</tbody>
</table>

In January 2012, we started a six-part series on useful tips to measure your company’s productivity and how to use productivity tools for a competitive and sustainable business. In this second instalment, we look at how gainsharing can lead to higher productivity for your business.
There are four factors to consider in ensuring the successful implementation of a gainsharing scheme:

• Clearly specify employee job requirements
• Measure performance based on a group instead of on an individual basis
• Vary the payouts according to different levels of performance
• Engage the employees and gather feedback on a regular basis

Gainsharing: towards an improved work culture
Productivity gainsharing is the distribution of the wealth, or gains, generated as a result of productivity improvements within a company. Gainsharing recognises the employees’ efforts in contributing to productivity and rewards them appropriately, which aligns their goals with those of the company. A proportion of the gains may be paid out to employees in the form of bonuses or incentive payouts, while the company retains the remaining gains. These funds may be used to fund future operations or distributed among the shareholders and customers.

Through the implementation of a productivity gainsharing scheme, an organisation may:

• Achieve sustained improvement in its key performance indicators
• Enhance teamwork among employees
• Foster a culture of continuous improvement
• Raise its employees’ commitment to their work
• Tap the creativity of employees to improve productivity
• Promote morale, pride and positive attitudes towards the organisation.

SIA Engineering
Just two years ago, it was not uncommon for an aircraft engineer at the SIA Engineering Company (SIAEC) to plough through stacks of manuals for aircraft troubleshooting instructions. The process involved assessing the aircraft at the arrival or departure bay, travelling back to the office to gather the required information from the manuals, before returning to the site to resolve the issue.

Today, the same engineer has access to the online copies of the manuals on the go with company-issued laptops. Through this recent move and a series of other productivity initiatives, SIAEC is well on its way to saving S$10 million annually.

According to its chairman, Mr Stephen Lee, the ability of its staff to embrace and adapt to changes was a key factor in pushing the company forward in the fast-paced aerospace engineering industry, where quick response is critical.

To boost employee morale, SIAEC distributes to its staff a part of savings which resulted from higher productivity. Close to a third of the savings – also known as ‘productivity gains’ – is given out in quarterly payments if the productivity targets set by the operational divisions are met.

Read the full story from the “Guide to Productivity Gainsharing”, available for download at www.enterpriseone.gov.sg. The guide is published by SPRING Singapore in collaboration with the National Trades Union Congress (NTUC) and the Singapore National Employers Federation (SNEF). Also get tips on how gainsharing can work for your business through improving productivity and your work culture!
Building High Performance through Gainsharing  
by Dr Peter Gahan

Amid the turmoil of the global financial crisis, economists, policymakers and businesses in many global markets have now come to realise that they face a common major challenge: productivity slowdown. Competitiveness through productivity growth is a valuable contributor to national economic performance. However, productivity growth has been faltering since 2007. More alarmingly, it has been negative in some countries.

For businesses looking for new ways to lift their game, the question of how productivity may be improved and sustained is not exactly straightforward. While new technology and fresh capital investments may play a big role in injecting growth potential, significant gains can also be made with comparatively modest investments in improving the efficiency of organisational operations and implementing creative reward systems.

Numerous studies are pointing to “high performance work practices” (hPWPs) that have a direct impact on the productivity level. hPWPs may take different forms typically reflecting the business contexts in which they are implemented. But whatever form they take, hPWPs share a number of common features. Typically, high performing workplaces have implemented work practices that:
- involve investments in skills that enable employees to work smarter;
- provide opportunities for employees’ involvement in decision making – typically through various forms of team work and suggestion schemes; and
- reward employees for working in ways that improve productivity.

“Gainsharing” is often seen as a model form of hPWPs. Dating back to the 19th century, gainsharing refers to a family of work practices that link employee rewards to improvements in productivity and performance. These include the following:

- **Scanlon** plans involve establishing an agreed formula which shares gains in productivity between employees and the business. These plans typically rely on high levels of employee involvement.

- **Rucker** plans are similar but typically establish a formula based on the notion of “value-added gain”. Under these schemes, employees are paid a bonus when the value-added gains are realised.

- **Improshare** plans also focus on productivity, but the formula for sharing gains is centred on calculating the standard hours for producing certain output. Productivity gains are shared through financial bonuses where the hours taken to reach the target output fall below the stipulated standard.

What drives gainsharing? The main motivation lies in the added financial incentives for employees that encourage them to work harder and smarter as improved productivity directly translates to more take-home pay. Beyond this, evidence shows that gainsharing has a number of more dynamic benefits as it makes an explicit link between the employees’ knowledge of their work and their ability to contribute in positive ways to the success of the organisation.

Gainsharing plans are intended to create the right environment for the average employee to make a contribution to solving production problems and improving the way things are done. International research has also found that implementing gainsharing can lead to:
- greater employee commitment to the organisation and willingness to “go the extra mile” at work;
- enhanced employee willingness to contribute to process improvement and higher levels of diffusing new ways of working across the organisation;
- a stronger perception among employees that they are being treated fairly and share common goals with management;
- lower levels of “free-riding” on colleagues;
- fewer workplace grievances;
- lower absenteeism and turnover; and
- a more collaborative team environment focused on problem solving.

Although gainsharing began in the manufacturing sector in the United States, it has now been implemented in a growing and diverse range of organisations and industries. While many small and medium enterprises often assume that it is for larger businesses, evidence points towards it working just as effectively in smaller enterprises.

The payoffs can be significant. Studies by US-based research firms have found that with gainsharing plans, production costs fell on average by 16.5%. In larger workplaces, the savings were about 17.5%. However, gains of this magnitude do take considerable time and effort to achieve. Businesses have also been observed to take an average of five years to achieve these high performance outcomes. For businesses that had gainsharing plans in place for less than five years, the reduction in production costs was about 8.5%.

But just a word of caution: there may be occasional pitfalls along the way to realising these big gains. The goals need to be clearly articulated, and the strategic plans need to be sound and well-executed. With careful planning and a willingness to involve employees in the process, well-designed plans can help organisations unlock new sources of productivity growth and maintain that competitive edge.

DR PETER GAHAN is Associate Professor in the Department of Management at Monash University. He has published widely in the field of industrial relations, labour law and human resource management. His current research interests include legal origins and the evolution of business regulation in Asia-Pacific region, Australian labour market regulation, high performance work systems, and the individual voice in unions and in workplaces.

PRODUCTIVITY HAPPENINGS

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Venue</th>
<th>Organiser</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 Feb 2012 (2 – 5pm)</td>
<td>Best Workplace Practices Series™: Improving Customer Satisfaction and Productivity through Kaizen</td>
<td>Conference Room, Level 2, SCCCI Building, 47 Hill Street, Singapore 179365</td>
<td>Singapore Chinese Chamber of Commerce &amp; Industry (SCCCI)</td>
</tr>
<tr>
<td>24 Feb 2012 (2 – 5.30pm)</td>
<td>How Information Communication Technology Increases Productivity</td>
<td>Level 8, Room 08-02, SPRING Singapore Building, 2 Bukit Merah Central, Singapore 158935</td>
<td>Singapore Manufacturers’ Federation (SMA)</td>
</tr>
<tr>
<td>21 Mar 2012 (9am – 5pm)</td>
<td>Reduction of Cycle Time for Higher Productivity</td>
<td>SPRING Singapore Building, 2 Bukit Merah Central, Singapore 159835</td>
<td>Singapore Manufacturers’ Federation (SMA)</td>
</tr>
</tbody>
</table>

If you had missed last month’s instalment in this productivity series, log on to www.spring.gov.sg for the e-copy of SPRINGnews!
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
Raising Productivity: Help for SMEs

Productivity@Work: www.enterpriseone.gov.sg

Training

Productivity Initiatives in Services & Manufacturing (PRISM)
Productivity training programmes

- WSQ Certified Productivity and Innovation Manager Programme
  Productivity and business innovation concepts and applications

- Certified Productivity Practitioner Programme
  Productivity tools and techniques

- Productivity Manager Programmes
  Productivity concepts and applications for retail, F&B and hospitality sectors

- SME Quality Initiatives to Assist, Nurture and Grow (SME QIANG)
  Productivity training contextualised for SMEs

Assistance

- Productivity and Innovation Credit (PIC)
  400% tax deduction up to $400,000 or cash conversion up to $30,000

- Innovation Voucher Scheme (IVS)
  $5,000 grant to adopt technology and tap expertise

- Increase SME Productivity With Infocomm Adoption & Transformation (ISPRINT)
  Up to 70% grant for adoption of infocomm technology

- Inclusive Growth Programme (IGP)
  Up to 50% grant for business operations improvements and skills training

- Local Enterprise Finance Scheme (LEFS)
  Up to $15 million loan to purchase / upgrade factory and equipment

- Micro Loan Programme
  Up to $100,000 loan to fund operational improvements and automation

Supported by:

Association of Small and Medium Enterprises
Singapore Chinese Chamber of Commerce and Industry
Singapore Indian Chamber of Commerce and Industry
Singapore Manufacturers’ Federation
Singapore Malay Chamber of Commerce and Industry

Seek help at:

EDC@ASME  6513 0388
EDC@SCCCI  6337 8381
EDC@SICCI  6508 0147
EDC@SMa  6826 3020
EDC@SMCCI  6293 3822
In this article, we take a look at some young entrepreneurs who took the plunge and started their own business fresh out of school.

MakeShake – Using their youthfulness to their advantage

Daphne Ng, 23, Seth Lui and Lim Rongjie, both 26, have observed that young people like themselves enjoy being creative and seek to differentiate themselves through their food choices. With that in mind, they set up MakeShake, Singapore’s first milkshake outlet where customers can express their individuality and have fun creating unique milkshake flavours they can call their own. For example, a chocoholic could choose a dark chocolate fudge milkshake with Oreo cookies and Nutella, while a fruit fanatic could select a lychee flavour mixed with raisins! The three co-founders spent some two months experimenting with the base ice cream before coming up with a neutral vanilla base that will allow the taste of the added ingredients, known as “shake-ins”, to emerge. So far, MakeShake has 40 shake-ins for customers to choose from, and by picking various combinations, the variety of milkshake flavours is staggering.

MakeShake’s target audience ranges from teenagers to those in their early twenties, an age group that Daphne, Seth and Rongjie can identify with easily. The trio chose to locate their first retail kiosk at City Square Mall, in close proximity to schools, tuition centres and a residential estate to reach out to the younger crowd. MakeShake’s co-founders have put their youth to good advantage by injecting a strong element of fun into their business – they call themselves the “Shakeristas” and their customers the “Shakespeareans”.

“I have always loved experimenting with food, so going into the F&B business was only a matter of time for me because it merges my hobby with my career. Being young, we are full of energy, which is necessary in the F&B sector, where the hours are long and the work can be tough,” says Daphne, who holds the title of Director of Shake Relations.

“Now is the best time of our lives to start a business, when we don’t have too many liabilities or responsibilities,” says Rongjie, also known as the Monetary Authority of Shakes.

The idea for MakeShake began two years earlier, when Seth was studying at the Singapore Management University (SMU) and ran a student cafeteria on campus. He later had a stint as a bartender, and found he had a passion for mixing drinks. He transformed this idea into the concept of customisable milkshakes, as he believed this will sell well in sunny Singapore.

“i have always loved experimenting with food, so going into the F&B business was only a matter of time for me because it merges my hobby with my career. Being young, we are full of energy, which is necessary in the F&B sector, where the hours are long and the work can be tough,” says Daphne, who holds the title of Director of Shake Relations.

“Now is the best time of our lives to start a business, when we don’t have too many liabilities or responsibilities,” says Rongjie, also known as the Monetary Authority of Shakes.

The idea for MakeShake began two years earlier, when Seth was studying at the Singapore Management University (SMU) and ran a student cafeteria on campus. He later had a stint as a bartender, and found he had a passion for mixing drinks. He transformed this idea into the concept of customisable milkshakes, as he believed this will sell well in sunny Singapore.

“Since my first foray into the F&B business during my SMU days, I’ve always wanted to start my own F&B outlet. I needed business partners to complement me in certain areas, so I roped in Daphne to handle the marketing and public relations, and Rongjie to cover finance and operations,” explains Seth, who is the Chief Milkshake Maker.

In February 2011, MakeShake received a $50,000 grant from SPRING Singapore under the YES! Startups scheme. Along with another $50,000 of their own savings and friends’ investments, the trio set up their retail outlet in mid-October 2011. They target to break even within the next six to 12 months.

“It was a bit challenging for me to get my parent’s support, as I’m still very young and have put all my life savings into this company. But I’m determined to start this company because we are only young once, and this is the best time to take risks and strike out. After all, the opportunity to pursue a corporate career will still be there. I don’t want to take the safe path in life and end up with regrets later,” says Daphne.
**WHAT IS IT?**
This scheme connects public knowledge institutions (KIs) with SMEs to encourage SMEs to use technology to develop their innovative ideas.

The innovation vouchers can be used to support projects or services that use technology to either enhance or develop new products, processes, applications, practices or operations, or result in new technology innovation capabilities being developed. This includes acquiring new technology/upgrading staff through customised training and development courses.

**WHAT LEVEL OF SUPPORT?**
All SMEs with an innovative idea can apply for an innovation voucher worth S$5,000 from SPRiNG Singapore. The voucher can help to pay for the cost of technology-related projects and services at the participating KIs. These activities should facilitate the transfer of know-how from the KIs to the SMEs.

**HOW TO QUALIFY?**
Applicants must meet the following criteria:
- Have at least 30% local shareholding, and
- Have group annual sales of not more than S$100 million, or group employment size of not more than 200 employees

**HOW TO APPLY?**
Contact EnterpriseOne
Tel: +65 6898 1800
Email: enterpriseone@spring.gov.sg
Website: www.enterpriseone.gov.sg

---

**MANAGEMENT ASSOCIATE PARTNERSHIP**

**WHAT IS IT?**
This programme supports high-growth Singapore SMEs which intend to attract and train fresh graduate talents for grooming into future leadership roles. This partnership will build a strong pipeline of fresh talent for SMEs over the next five years. SPRING works with local universities to raise the profile of SME Partners as choice employers.

**WHAT LEVEL OF SUPPORT?**
Supports 50% of training costs, up to a maximum grant amount of $15,000 per Management Associate (MA). Eligible support items include on-the-job training, external course fees and overseas training including airfare and cost of living expenses.

The MA must a Singaporean/PR local university graduate with less than three years of working experience.

Additional support extended to SMEs under the MAP include 90% grant support to attend SPRING’s Talent Management & Coaching Workshop and 50% grant support for the implementation of the HR Capability Package Consultancy project.

**HOW TO QUALIFY?**
Applicants must meet the following criteria:
- Have at least 30% local shareholding, and
- Have group annual sales of at least S$10 million and not more than S$100 million, or group employment size of not more than 200 employees

**HOW TO APPLY?**
Download application form from www.spring.gov.sg/MAP
For enquiries, email map@spring.gov.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 150147
Tel: (65) 6513 0388
Email: 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
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
Website: http://www.edc-sicci.sg/

**Singapore Malay Chamber of Commerce and Industry (SMCCI)**
EDC@SMCCI
15 Jalan Pintar
Singapore 199147
Tel: (65) 6293 3822
Fax: (65) 6293 3905
Email: 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-smma.sg
Website: http://www.edc-smma.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
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
Website: http://www.singaporestandardseshop.sg

**Standards Collection**
National Library Board
100 Victoria Street
Lee Kong Chian Reference Library, Level 7
Singapore 188044
Hotline: (65) 6332 3255
Email: 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
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
Website: http://www.scic.sg