Enhancing SME Growth

Helping SMEs build capabilities and improve productivity for sustainable growth

SPECIAL SME REVIEW ISSUE

LEADING PRIVATE EDUCATION TO NEW HEIGHTS
SAPE aims to develop a strong and vibrant private education industry through brand management and innovation.

IMPROVING YOUR BUSINESS STARTS WITH A VISION
Goodvine’s productivity improvements are guided by its aim to become the world’s handbag design and marketing centre.
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SPRING Singapore is an agency under the Ministry of Trade and Industry responsible for helping Singapore enterprises grow and building trust in Singapore products and services. As the enterprise development agency, SPRING works with partners to help enterprises in financing, capability and management development, technology and innovation, and access to markets. As the national standards and accreditation body, SPRING develops and promotes an internationally-recognised standards and quality assurance infrastructure. SPRING also oversees the safety of general consumer goods in Singapore.

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SPRING to expand market surveillance efforts on consumer products

Since the Consumer Protection (Consumer Goods Safety Requirements) Regulations came into force in April 2011, SPRING Singapore has focused its market surveillance efforts on children’s products in view of children being a more vulnerable group of consumers. To date, over 600 children’s products have been tested for conformance to safety requirements, and 120 stop-sale notices have been issued to companies whose products were found to be unsafe.

SPRING will be expanding the scope of its surveillance efforts to include furniture and household electrical appliances. When it comes to product safety, consumers also have an important role to play by providing feedback on potential safety concerns and making informed choices when buying products for themselves and their loved ones.

Singapore-Dutch MOU to promote healthcare and medtech sectors

SPRING Singapore and Maastricht University Medical Centre Holding signed a Memorandum of Understanding (MOU) on 13 June to promote business collaborations between Singapore and Dutch SMEs and research institutions in the healthcare and medical technology industries. In the face of increased competition, industry players need cutting-edge technology and strategic alliances to give them a competitive edge. This MOU sets the tone for potential joint ventures, co-development of new products and clinical support for product or process validation in the fields of healthcare, life sciences and medical technology across Asia and Europe. The ceremony was witnessed by His Excellency Mr Johannes Jansing, Ambassador of the Kingdom of the Netherlands to Singapore.

Launch of SME Talent Programme

The SME Talent Programme (STP) was officially launched on 6 June with six Trade Associations & Chambers (TACs) and Institutes of Higher Learning (IHLS) signing a Memorandum of Understanding to attract local Polytechnic and Institute of Technical Education (ITE) talents to start their careers in SMEs. Besides sponsoring their tuition fees, allowance, and a sign-on bonus, the STP will provide young talents with the opportunity to embark on meaningful careers in SMEs. The STP aims to match 3,000 Polytechnic and ITE students with SMEs over the next five years.
Enhancing SME Growth

Helping SMEs build capabilities and improve productivity for sustainable growth

Small and medium enterprises (SMEs) play a critical role in Singapore’s economy, contributing almost 50 per cent of GDP and employing some two million people. Rising costs, a tight labour supply, and a small domestic market are just some of the issues which SMEs face in a changing business environment. With this in mind, Minister of State for Trade & Industry Mr Teo Ser Luck commissioned a review of the SME sector to refine the government’s development strategies in order to find long-term solutions for the sustainable growth of SMEs. The review, which started in 2012, was carried out jointly by SPRING Singapore and International Enterprise (IE) Singapore and supported by the Ministry of Trade & Industry.

Since the start of the review, a number of areas have been addressed, including simplifying and streamlining the support schemes available to SMEs (see page 12), expanding the capabilities and resources of the Enterprise Development Centres into one-stop SME Centres, increasing the outreach to small enterprises and introducing new initiatives under the Partnership for Capability Transformation (PACT).

In May and June, progress was made on the Collaborative Industry Projects (CIP) and the SME Talent Programme (STP) fronts. Read on to find out more about the latest developments under CIP, STP and PACT, and how they aim to drive Singapore’s SMEs to new heights.

**BRINGING PRODUCTIVITY TO THE KITCHEN**

Like most businesses, SMEs in the service industry are feeling the effects of a tight labour market. Restaurants, for instance, have to find every possible productivity advantage. At the same time, food manufacturers in Singapore need to tackle the challenge of insufficient scale, which isn’t easy to achieve in a small domestic market.

To address these issues, the Restaurant Association of Singapore (RAS), Singapore Food Manufacturers Association (SFMA), Singapore
Manufacturing Federation (SMF) and Singapore Chinese Chamber of Commerce & Industry (SCCCI) issued a joint call for collaboration under a SPRING-supported Collaborative Industry Project (CIP) to encourage F&B companies to outsource the preparation of food items which are not core offering in the menu to food manufacturers. This is the first CIP project to be initiated.

Mr Sunny Koh, Chairman of SMF’s Memberships & Industry Groups Committee, notes that “workforce shortage, higher labour costs, higher staff turnover, higher rental and higher food ingredient costs” are some of the reasons for the food services and food manufacturing industries to work more closely together. Through such a collaboration, restaurants can focus on producing specialty dishes and minimise food preparation at the outlets, which will allow them to “maximise the available facilities and manpower – a win-win situation for both parties”.

Highlighting the advantages for food manufacturers, Mr Wong Mong Hong, President of the SFMA, explains, “Besides increasing volume and revenue, this initiative will also help food manufacturers to expedite their automation plans. For instance, food manufacturers will have to upgrade their skills to meet the requirements of restaurants which require more sophisticated products.”

“One of the first companies to take part in the STP is Commonwealth Capital, which manages brands such as Pastamania and Swissbake. Commonwealth’s Head of Group Human Resources Ms Doris Bay says, “We’re growing fast, and a constant flow of youthful dynamism will give us an edge. We welcome the SME Talent Programme as a key platform to help us to achieve this.”

“Recruiting young talent can be a challenge for SMEs, particularly when they are competing against more established, big-name multinational companies. Yet, ensuring a steady flow of fresh talent is critical to the future success of SMEs. SPRING’s SME Talent Programme aims to make it more attractive for Polytechnic and Institute of Technical Education (ITE) students to join SMEs upon graduation, by offering a study award covering the tuition fees, allowance, a sign-on bonus and job opportunities. SPRING will partner the Trade Associations and Chambers (TACs) to manage this programme. Equipped with a strong understanding of their respective industries, the TACs play a key role in profiling career opportunities in their industries and facilitate interviews to match the candidates to the SMEs.”

“By working closely with SPRING and the Restaurant Association of Singapore, the STP offers an unparalleled opportunity to reach out to and attract students at the ITE and polytechnic levels to join our industry,” adds Mr Andrew Khoo, Director, Food Services Division at ABR Holdings, which manages several brands including Swensen’s, Yogen Fruz and Oishi Pizza. “If implemented well, this programme will put SMEs like us in good stead in the coming years as we continue to grow our business.”
While SMEs clearly stand to benefit from the programme, it is important to note that as employers, SMEs also offer a unique set of opportunities to recent graduates, such as opportunities to take on greater responsibility and more challenging and often multi-faceted roles.

“SMEs tend to operate in a dynamic environment, so those joining such organisations have to take on different roles and adapt to a spectrum of scenarios,” explains Mr Chan Lee Mun, Principal and CEO, Nanyang Polytechnic. “We train our students to be highly adaptable, which helps them thrive in such an environment. Their learning is also accelerated because they get to learn several new skills within a short time.”

Mr Bruce Poh, CEO of ITE, adds, “The STP is an attractive scheme in more than one way. Besides the sign-on bonus offered, SMEs in various sectors will offer our students unique learning opportunities.”

UPGRADING THROUGH PARTNERSHIPS

Started by EDB in 2011 for the manufacturing sector, PACT was enhanced in 2013 to cover more industry sectors and additional areas beyond supplier upgrading, to encourage collaboration between large enterprises and SMEs. For SMEs that want to upgrade but may lack the capabilities to do so, the enhanced PACT will provide the opportunity for them to do so by learning from or working with MNCs and large local enterprises.

The enhanced PACT, which SPRING co-administers with EDB, offers three different models for this collaboration, which aim is to deliver win-win outcomes for both parties. First is partners development. This could take the form of supplier qualification and capability upgrading, where large companies help to upgrade the capabilities of new and existing SME suppliers so that they are better able to work with large companies. Local department store Metro followed this model to train 10 SME suppliers on a new mobile point of sales system to better integrate them into Metro’s operations.

The second model involves knowledge transfer, where large companies share their know-how or capabilities with local SMEs. An example of this is German precision engineering firm TRUMPF, which conducted a one-week workshop for its lean manufacturing process for 10 executives from five manufacturing companies in Singapore.

PACT allows knowledge transfer. An example of this is German precision engineering firm TRUMPF, which conducted a one-week workshop for its lean manufacturing process for 10 executives from five manufacturing companies in Singapore.

The last model involves co-innovation, in which large companies can provide test-beds for new SME technologies and become their potential reference customers. This will allow SMEs to refine their products and build up a business track record for growth. PUB followed this model by inviting SMEs to test-bed their water treatment technologies alongside existing treatment processes in PUB’s facilities.

The two latest initiatives under PACT are offered by the Housing Development Board, to develop lift surveillance and elderly monitoring systems, and the Singapore Civil Defence Force, to develop technology for electronic fire hydrant test kits. These projects will give SMEs the opportunity to work closely with these two organisations to better understand and meet their needs, while also developing their own capabilities and track record.

The SMEs benefit from such collaborations because they can get valuable, real-time feedback and guidance from a potential customer, right from the product development stage. SMEs interested to embark on these initiatives can visit www.spring.gov.sg/pact for more information.
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Running an SME is a challenging task. With limited resources, every bit of energy often goes into the day-to-day operations of the business, leaving little time or money to invest in longer-term initiatives. Yet it is exactly these initiatives – skills upgrading, productivity and process improvements, attaining standards – that are critical to the sustainable growth of an SME.

Recognising this, SPRiNG Singapore has ramped up its efforts to provide support to SMEs, and one of the strategies is to increase the number of touch points through the SME Centres (formerly known as Enterprise Development Centres, or EDCs). All five SME Centres have been given additional resources and manpower, and more satellite SME Centres are being planned to increase outreach and offer SMEs more in-depth assistance.

SMEs can turn to the advisors at the SME Centres for a wide range of support, including free business and productivity advice, business matching and networking. But perhaps one of the most valuable services is the help provided to tap government assistance available. Many SMEs tend to shy away from government assistance, believing that the application processes are too complicated and not worth the effort. Yet, this could not be further from the truth. A typical scenario facing SMEs visiting an SME Centre would look like this: An advisor will sit down with a business owner to first understand their business needs before identifying business upgrading opportunities. Finally, the advisor will recommend relevant government assistance programmes. And this is all done free of charge.

In this way, SMEs can easily tap into government assistance schemes like the Innovation & Capability Voucher (ICV) scheme, which provides $5,000 to pay for services to help companies improve their business operations, and the Productivity & Innovation Credit (PIC) scheme, which offers tax deductions and cash payouts to support a company’s investments in innovation and productivity improvement.

In the following pages we look at two companies – Sugarcraft Atelier and Dynamics Circuit – that have benefited from the SME Centres. These two companies approached the SME Centres for business advice and have successfully taken their businesses to new heights. ■
When Ms Chami Morala established Sugarcraft Atelier, she offered just cake decoration services and training. After she moved to a new storefront, which saw a higher volume of traffic, she decided to open a café alongside her training business. Being new to the café business, she approached the SME Centre@SMCCI (Singapore Malay Chamber of Commerce and Industry) for assistance on the business strategy.

The business advisor, Mr Alfi Sohfian, helped Ms Morala prioritise her business objectives and helped her realise that while the café was a good addition to the business, the focus should still be on her core services, which are the training courses. With a renewed emphasis on expanding her courses, she has steadily built it up from one or two courses per week to three or four courses per week, and now has a goal of holding up to six courses per week.

"Mr Alfi has been great to work with and very supportive. He has become a trusted advisor for Sugarcraft Atelier," says Ms Morala.

"Too often, I see business owners getting so caught up in the day-to-day running of the business that they have no time to take a step back and look at their business from a different perspective. When that happens, it helps to have an external party come in and provide suggestions on what can be done differently, and better," says Mr Alfi.

"SMEs sometimes react with disbelief when we tell them that they don’t need to pay for our services. My role is to point them towards the available resources and help them navigate the changes needed in order to continue growing. I feel happy for them when they are successful in their efforts too," he adds.

Mr Alfi also roped in a colleague from the SME Centre to conduct an IMPACT Assessment that helped Ms Morala identify the productivity gaps in her business. As a result, she is now looking at applying for the iCV scheme to improve the business’ productivity and HR processes.

Ms Morala will be attending a free PIC Clinic organised by the SME Centres and the Inland Revenue Authority of Singapore to find out how Sugarcraft Atelier can tap into PIC to subsidise some of the costs associated with business expansion and capability upgrading.

With a lot of hard work and the support from the SME Centre, Sugarcraft Atelier has gone from being in the red to breaking even, and Ms Morala hopes to reach profitability in the coming months. More importantly, she has started to look at positioning the business for longer-term success by introducing stronger processes. This includes looking into attaining International Organization for Standardization (ISO) and Workforce Development Agency certification, which, of course, Mr Alfi has offered to help her with.

"The SME Centre@SMCCI helped me to do an IMPACT Assessment, which was very useful and uncovered many areas for improvement that I hadn’t thought about before."

Ms Chami Morala
Owner, Sugarcraft Atelier
When Mr Kunasegar Raman started offering troubleshooting and repair services for electronic equipment in 2008, it was a one-man show. This changed quickly as he found a receptive market for his services, and today, he has more than 20 staff across four offices in the region. Revenue has increased tenfold in the past five years and he has even bigger plans for the future.

One of the key developments for Mr Raman was securing several contracts from government bodies and private sector organisations. Not only did these contracts bring in significant revenue, they also enhanced Dynamics Circuit’s reputation and image, and made it easier for the company to attract new customers.

It was a challenge to meet his clients’ expectations, but Mr Raman took it in his stride and pushed himself to continuously improve his company’s processes. “It all started with some of our larger clients requesting for our certification in quality and standards. I knew that attaining these certifications will help position our company better and gain the trust of our customers, so I approached the SME Centre@SICCI (Singapore Indian Chamber of Commerce and Industry) for advice,” he explains.

The advisor, Ms Kamesh, met with Mr Raman to understand his business objectives and how the company could raise its productivity and service standards. “We advised Mr Raman to tap the Innovation & Capability Voucher (ICV) scheme to help offset the consultancy costs to achieve standards certification,” she adds. “By standardising the company’s work processes, the service quality will be more consistent.”

Mr Raman has since successfully applied for the ICV scheme for ISO 9001 certification. “It was very simple to apply for the ICV. The SME Centre provided a lot of guidance with the application, so it was quick and easy, contrary to what many companies believe,” notes Mr Raman.

While this is a small step, Mr Raman feels that the ICV helped improve the processes and put the company on the right footing for future growth. Indeed, Mr Raman has clearly seen the benefits of the ICV and is planning to return to the SME Centre@SICCI to apply for another voucher, this time to assist with overseas expansion, as well as getting some business advice on opening a new office in the Philippines as Dynamics Circuit continues to grow.

“Dynamics Circuit: Tapping into the ICV

The advisor from the SME Centre@SICCI guided us through the ICV application, which has been a big help to the business. The advisors at the centre are very supportive, proactive and friendly – and it comes at no cost to us.”

Mr Kunasegar Raman
Managing Director
Dynamics Circuit
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  - Human resources
  - Financial management
  - Innovation

- **Productivity & Innovation Credit (PIC)** is administered by IRAS.
  - 400% tax deduction of up to $400,000 and/or 60% cash payout of up to $100,000 expenses in productivity improvements and innovation.
  - Covers six areas:
    - Acquisition or leasing of PIC IT and automation equipment
    - Training
    - Acquisition and in-licensing of Intellectual Property Rights (IPRs)
    - Registration of selected IPRs
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- **Capability Development Grant (CDG)** funds up to 70% of projects that result in enhanced competitiveness and business growth.
  - The 10 supported areas are:
    - Business innovation & design
    - Business strategy development
    - Brand development
    - Enhancing quality & standards
    - Financial management
    - Human capital development (e.g. SME Talent Programme)
    - Intellectual property & franchising
    - Productivity improvement (e.g. Collaborative Industry Projects, Land Productivity Grant)
    - Service excellence
    - Technology innovation

- **Government-backed loans** for working capital, trade financing and equipment financing, offered through participating financial institutions. They are:
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SAPE aims to develop a strong and vibrant private education industry through brand management and innovation.

With more than 225,000 students being taught by some 17,500 academic staff at 332 institutions, Singapore has a large and thriving private education sector. In July 2012, a common voice for the industry, the Singapore Association for Private Education (SAPE), was formed.

With a founding core of some of Singapore’s largest and most respected private education institutions (PEIs), SAPE’s vision is “to achieve a strong, competitive and highly-regarded Private Education industry”.

The association received a significant boost to its efforts in May when it was amongst five Trade Associations and Chambers (tACs) to receive their certificates of award for funding under the Local Enterprise and Association Development (LEAD) programme to undertake projects for the benefit of their members.

Launched in 2005, LEAD is jointly managed by International Enterprise (IE) Singapore and SPRiNG Singapore to enhance industry and enterprise competitiveness through tACs. Including this year’s new projects, LEAD has provided $140 million in support to 29 TACs for 43 industry upgrading projects, benefiting about 38,000 local enterprises.

Speaking at the LEAD Forum on 15 May, Minister for Trade and Industry Mr Lim Hng Kiang stressed the importance of tACs in helping companies to upgrade and restructure. “They play a key role, especially in championing the interests of their members, and spearheading changes at the industry level to ensure businesses remain competitive amid challenging times.”

In addition to first-time awardee SAPE, Mr Lim gave out certificates of award to four other TACs at the LEAD Forum. The four TACs were the Restaurant Association of Singapore, Singapore Business Federation, Singapore Food Manufacturers’ Association and Singapore Logistics Association.

Building the brand

One area of focus for SAPE is to develop a brand management strategy for the industry. “It is very important for the private education industry to have a clear direction to move towards,” says Mr Edmund Tham, SAPE’s Executive Director. “It has been very fragmented in the past, with significant diversity in the quality of the PEIs, so there is a need to improve the image of the industry.”

SAPE hopes to achieve this not just through marketing, but also by effecting real change in the quality of PEIs. One way this will be achieved is through the sharing of best practices at SAPE-organised seminars and workshops, says Mr Tham.

“The larger and better PEIs are doing a lot of things individually to improve their education offerings – adopting new teaching methods, new innovations, technology and so on – and we want to tap their pool of knowledge and capabilities to share best practices with the industry.”

Driving innovation

Embracing innovation is seen as key to keeping Singapore PEIs at the forefront of private education. To encourage the adoption of technology, SAPE will be forming clusters of PEIs based on similar needs, and bringing in technology providers to work...
with these clusters as part of a Collaborative Industry Project (CIP). SAPE also plans to set up an online portal to broadcast the latest news and advancements in learning technology and education innovation. These tools will help the PEIs to better understand what is available in the market and how it can be used to improve the quality of education.

In addition to developing education innovation resources, SAPE is spearheading a programme that will train and certify specialists who will, in turn, help PEIs gain EduTrust certification – an industry standard that addresses areas such as corporate governance and administration, student support services, academic services, and quality assurance. For a start, SAPE is developing an EduTrust Training Toolkit that will help PEIs understand and prepare for EduTrust certification.

“In the process of attaining EduTrust certification, PEIs will upgrade their capabilities and systems, leading to a higher quality of education and services for students,” notes Mr Tham.

Beyond the LEAD-supported projects, SAPE is planning to work with the Institute for Adult Learning to provide courses to the academic staff at PEIs to improve the standards of teaching. “Two-thirds of the educators in the industry teach on a part-time basis – and while they may be subject matter experts, there is often room to strengthen their skills to become more well-rounded teachers and educators,” explains Mr Tham.

The Association also helps members to extend their business reach beyond Singapore, to explore new education opportunities in regional emerging markets. It is working closely with IE Singapore to identify suitable regional countries and cities to organise business missions to, for its members to visit and seek new business opportunities and strategic tie-ups.

“SAPE will improve the image of the private education industry by effecting real change in the quality of the institutions through the sharing of best practices at SAPE-organised seminars and workshops.”

Mr Edmund Tham
Executive Director, SAPE

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For a company looking to improve its business, knowing where to start may be difficult unless you have a clear understanding of what you want to achieve, says Mr Chester Kong, Vice-President of Marketing at Goodvine, a leading designer, manufacturer and retailer of leather goods.

“The important thing is to have a vision, and then find out what is needed to achieve it – whether it is building up capabilities, investing in technology, or reworking the business processes,” he explains.

Goodvine is a perfect example of this. The company sells brands such as Tocco Toscano, Tocco Tenero, Dolce Donna and Morgan du Toit, and the evolution of its business is driven by a clear vision to become “the world’s handbag design and marketing centre for Asia”.

To improve productivity, you need to really understand your processes. You must work very closely with your frontline employees, and with your customers to understand your operations and how they can be improved.”

Mr Chester Kong
Vice-President of Marketing
Goodvine

“Our goal is for any brand that is interested in the Asia-Pacific market to come to us and enter the market by tapping into our manufacturing, design or marketing services, or any combination of the three,” says Mr Kong.

To achieve this goal, Goodvine identified its retail network of more than 100 stores in the region as a key success factor. This led it to focus on strengthening its retail capabilities and improving productivity.

A deeper understanding
Mr Kong stresses that it is important for companies to carry out research. “To know what you should do, you must first
get a deeper understanding of your own company. After you’ve understood the various processes, you will have a better idea on which areas you should pursue,” he explains.

An in-house study to identify ways to improve the sales process found that 30 to 40 per cent of a salesperson’s time was spent on paperwork. This was partly because nine in 10 of Goodvine’s boutiques are located in department stores, which do not allow individual vendors to have their own points of sale (POS), such as a cash register, in the store. As a result, sales and reports on stock levels were compiled manually and faxed from each store to Goodvine’s headquarters.

“Our employees told us that the amount of administrative work required ate into the time they could have spent on engaging customers and converting that into sales. We knew this had to change,” notes Mr Kong.

**Turning to technology**

Goodvine began by exploring the POS technologies available in the market to see if there were any solutions for both the department stores and the company’s needs. It settled on a mobile POS system that can keep stock and log sales through a scanner. Goodvine turned to SPRING Singapore for support to develop the system, which it implemented last year. Goodvine’s POS system allows instant access to sales and inventory information and helped create a more positive work environment with less paperwork.

“Because each unit was small and wireless, the department stores accepted them,” explains Mr Kong. “They saw how our sales employees were happier and more effective, which is what they want as well.”

The POS units scan the items for purchase, and the information is automatically fed into Goodvine’s central database. They are also able to capture which employee made the sale, so commissions can be calculated easily.

The results have been impressive. With instant access to sales and inventory information, the stock replenishment cycle has been cut by half – from two to three days down to one to two days – and with improved accuracy.

Besides bringing benefits to the company, the technology has helped create a more positive work environment with less paperwork and more face-time with customers. This has resulted in an improvement in employee morale and of course, productivity.

**Doing more with less**

Following the success of the POS system, Goodvine is exploring other productivity-related initiatives. These include a new CRM system, which will make use of the data captured by the POS system to generate customer insights and enable the company to cater to their needs more effectively.

Despite all the productivity-led initiatives, Goodvine still faces other challenges such as high rentals. To manage this, Goodvine is looking at how to “do more with less space”. Says Mr Kong, “We are considering omni-channel retailing – a shift towards a ‘research online/purchase offline’, or ROPO, model.”

This ROPO approach aims to use technology and the Internet to enhance the customer experience, while at the same time shifting part of the sales process out of the physical store. By developing a rich, interactive online experience for customers to learn more about Goodvine’s products – for example, via videos for each product – customers can do their research online before going to the store to make the purchase.

“There is limit to how much we can down-size the footprint of our stores. Too much, and it may affect the brand image,” explains Mr Kong. “But by using the ROPO approach, we have more flexibility to control and enhance the retail experience, even outside of the store. In addition, the online element is a real-time resource for our sales employees, helping them become more productive by putting information at their fingertips.”

**KEY TAKEAWAYS**

- Start your productivity journey with an end-goal in mind, then think about how you can achieve this goal.
- For details on the productivity-related support schemes offered by SPRING, visit www.spring.gov.sg/cdg.

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**Improving Productivity: 3 Tips for Getting Started**

1. **DO YOUR RESEARCH.** Talk to your front-line employees – they are your people on the ground and are closest to your customers. Hence they will have valuable insights to share on day-to-day operations and where things can be improved.

2. **ASK FOR HELP.** If you are struggling to identify productivity improvement opportunities, approach an SME Centre for a free IMPACT productivity diagnosis to assess your company’s productivity gaps.

3. **START SIMPLE.** Productivity is a journey, so there’s no need to rush into the most complex aspects of your operations. Select some easily achievable areas to improve productivity in first, then move on to more challenging ones as you gain buy-in from your employees for productivity-related change.
Fagerdala is a company on the rise. Since 1998 it has opened an average of one new factory per year, and now operates 13 factories in six countries – Singapore, Malaysia, Thailand, China, the United States and Mexico.

This rapid growth has brought both successes and challenges to the provider of total packaging solutions, which specialises in cushion packaging for equipment highly sensitive to shock and vibration in the IT, biomedical and telecoms industries.

“In the past, our focus was on growing the business. We managed each problem as it surfaced, and policies were decentralised and customised. Now that the company has grown, it’s time to look into important issues like standardisation, business excellence, risk governance and business continuity planning,” says Ms Diane Yeo, Fagerdala’s Director of Corporate and Legal Affairs.

As a company that has always believed in the importance of investing in its workforce, one of Fagerdala’s first initiatives was to change the way it operates by enhancing its human resource (HR) capabilities.

Overhauling HR Processes
To support its efforts to improve HR processes, Fagerdala turned to SPRiNG Singapore’s Capability Development Grant (CDG). The CDG offers companies funding support to engage external consultants who will assess the company’s current HR processes, draw up plans to address shortcomings, and assist in the implementation of the changes.

“The CDG provided funding to help us restructure our entire HR framework – from recruitment, selection and induction to professional development, performance management and evaluation, talent management, career progression and compensation,” says Mr Paul Yeo, Group Managing Director and CEO of Fagerdala.

The result is a much more structured and systematic approach to HR that has helped the company attract and develop new talent to drive the company’s continued growth. Standardising company policies and documentation has been an important part of aligning its 1,200 staff worldwide to the company’s vision and mission.

“With a multinational and multicultural workforce, our shared HR handbook and toolkits have become our common language across countries,” says Mr Yeo.

Grooming future leaders
In addition to overhauling its HR processes, Fagerdala is getting additional support under the CDG to develop an in-house management training programme with the aim of developing the company’s future leaders.

Promising candidates will be put on an accelerated career track, exposing them to a wide range of work environments and challenges, which is part of a more structured and systematic approach to succession planning, says Mr Yeo, although he is not about to hand over the reins just yet.

“It’s a long-term plan. We hope to groom these young talents to take over key leadership positions in 10 to 15 years’ time.”

KEY TAKEAWAYS
• Well-structured HR processes and policies play an important role in rapidly growing companies, helping to ensure they have the right talent for growth and the means to manage them effectively.
• To find out how SPRiNG’s Capability Development Grant (CDG) can support your human capital development efforts, visit www.spring.gov.sg/cdg.
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