Accelerating start-up growth

Since the launch of the ACE Start-ups scheme in January this year, the Action Community for Entrepreneurship has rolled out various initiatives to accelerate start-up growth.

BREAKING INTO THE FASHION WORLD
The YES! Start-ups scheme and PARCO next NEXT incubator helped a budding fashion designer turn her dream into reality.

KEEPING TRACK OF YOUR VALUABLES
Innova Technology turned to SPRING Singapore for the early funding it needed to bring its loss prevention product to market.
in THIS issue

Feature Story

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News Clips

SME Showcase 1
Breaking into the Fashion World

SME Showcase 2
Keeping Track of Your Valuables

Q&A with ACE
Supporting a Start-up’s First Steps

Insights
Pulling the Right Levers

Insights
A Recipe for Productivity

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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Jumbo Restaurant Meets Manpower Shortage with Customer-Centric Initiatives

For years, the F&B industry has had to contend with fierce competition not just for customers but also manpower. To capture a greater share of the market, food services companies have to compete on service delivery while adopting more productive ways to meet customer demands.

The Jumbo Group of Restaurants embarked on the Customer Centric Initiative (CCI) to address manpower shortage across its 15 outlets. Through investment in technology, redesigning of work processes and development of its people, Jumbo was able to ease manpower shortage and deliver an enhanced dining experience to its customers.

Jumbo showcased its innovative ways at a CCI Learning Journey at its Tampines JPOT outlet on 1 Nov, with NTUC Secretary-General Mr Lim Swee Say as Guest-of-Honour.

Four in ten, or 2,605 F&B establishments have benefited from the CCI since it was launched for the F&B industry in 2007. These establishments also employ over 40,000 workers, or some 40 per cent of the industry’s workforce.

New Resources for Food Manufacturers to Improve Productivity

Over S$6 million was committed for more than 140 projects since the launch of the S$45 million Food Manufacturing Productivity Plan in November 2011. This was announced by Mr Lee Yi Shyan (left), Senior Minister of State for Trade & Industry and National Development, at the Food Manufacturing Productivity Conference on 12 Oct.

As part of the productivity plan, SPRING also completed an international benchmarking study for the industry which compared Singapore's food manufacturing industry with that of 12 other countries, such as Australia, Hong Kong, Japan, Taiwan, United Kingdom and the United States (US).

Mr Lee also announced the establishment of a food automation unit at the Food Innovation & Resource Centre (FIRC), which will provide technical expertise in the design and development of food automation solutions.

ACE Mentoring Goes Online for Start-ups

ACE Chairman Mr Teo Ser Luck, who is also Minister of State for Trade & Industry, launched ASK ACE at the 56th ACE BlueSky Exchange on 30 Oct. ASK ACE is an online platform where entrepreneurs can direct business-related questions to a panel comprising ACE Mentors who are established entrepreneurs, business angels, venture capitalists. ASK ACE is a collaboration between ACE and SGEntrepreneurs.com (SGE), an online start-up news portal.

As part of the launch, a 'live' session was organised for pre-registered participants to meet the ACE mentors of their choice. Some 20 aspiring entrepreneurs spent a lively 20 minutes interacting and getting first-hand guidance from the ACE mentors at the session.

Launch of First ACE Incubation Centre in Beijing

ACE Chairman Mr Teo Ser Luck announced the launch of the ACE incubation centre at the inaugural ACE BlueSky Conference, held in Beijing on 26 Oct. The incubation centre is located in Zhong Guan Cun, a technology hub widely known as the 'Silicon Valley' of China, and is set up in partnership with the National University of Singapore Enterprise (NUS Enterprise) and Tsinghua University subsidiary companies Coway International and Houdé Capital.

The incubation centre will provide Singapore start-ups with workspace, shared services, business advice, mentoring and access to networks.

This is the latest initiative by the ACE Overseas Chapter Sub-committee since it launched the Beijing Overseas Chapter in June. In July, ACE signed Letters of Intent with Coway International and Houdé Capital to support Singapore start-ups with access to local resources such as networks, expertise and incubation.

New ACE Starter Kit for Start-ups

The ACE Starter Kit was launched on 22 Oct at the Start-up Conference, which was co-organised by DP Information Group and the Action Community for Entrepreneurship. The ACE Starter Kit is an online goodie bag of exclusive deals and special rates on items from 40 merchants for entrepreneurs who are just starting out.

OCBC, JobsCentral, Canon, Google, Microsoft and Amazon, are among the merchants offering a range of products and services ranging from workspace, web hosting, job recruitment ads, book-keeping and legal advice, as well as design services at attractive discounts. The Starter Kit is available through the ACE website at www.ace.sg/starterkit. All items are valid for one year from the point of sign-up.
with 70 per cent of Singapore’s total workforce employed by small and medium enterprises (SMEs), start-ups play a crucial role in contributing to economic growth. However, the lack of capital and fear of failure can keep potential entrepreneurs from launching a venture.

Recognising the need to create a more pro-enterprise environment in Singapore, the Action Community for Entrepreneurship (ACE) was established in 2003. ACE is a public-private sector collaboration that aims to create a more entrepreneurial Singapore. It helps aspiring entrepreneurs start up by building a vibrant community and connecting them to resources, people and knowledge.

A key part of this effort is the ACE Start-ups scheme, which was launched in January this year. It replaces the Young Entrepreneurs’ Scheme for Start-ups (YES! Start-ups) administered by SPRING – in the process doing away with the requirement for applicants to be below 26 years old.

ACE Start-ups
The objective of ACE Start-ups is to provide entrepreneurs with funding support and access to networks and mentors. The scheme has seen a good response to date, receiving a total of 350 applications since its launch.

“Going forward, we will focus on helping aspiring entrepreneurs start their companies and guide them to become sustainable businesses. While we will be providing seed funding, our main focus is to link entrepreneurs to critical resources, such as mentors and networks,” says Mr Teo Ser Luck, Minister of State for Trade and Industry and ACE Chairman.

For example, the ACE Tech-Connect task force will look into how to better connect enterprises seeking innovative technologies with researchers at institutes of higher learning such as Nanyang Technological University and the National University of Singapore (NUS). This, says Mr Teo, will increase the volume of intellectual property (IP) being licensed and grow the number of spin-off start-ups that can become successful in the future.

“It is important for businesses to leverage technology and IP to gain a competitive advantage and be scalable. One way for start-ups to differentiate themselves is to tap the technology ideas generated by institutions of higher learning and research institutes,” he adds.

Incubating start-ups
ACE has also partnered 12 organisations with a proven track record and the capabilities to identify, seed and nurture differentiated start-ups to help 100 entrepreneurs to start new businesses in the next three years. In addition to universities, polytechnics and ITEs, new partners include the Singapore Infocomm Technology Federation (SiTF), Social Enterprise Association, and *SCAPE.

Besides evaluating the ACE Start-ups applications, the partners will also provide incubation services and mentoring in the first year. Some partners, such as NUS, may also invest directly in the start-ups while others can facilitate third-party investments. Private sector partners including the SiTF and *SCAPE can provide customised support to start-ups in ICT and retail.

“The start-ups will be put through a rigorous and structured programme, where they will be equipped with essential skills and knowledge, have their business ideas validated and receive mentoring,” explains Mr Teo.

Sharing expertise
In addition to funding, networks and incubation platforms, being able to turn to experienced entrepreneurs and experts for advice is another critical factor for the success of start-ups. To facilitate this kind of relationship, ACE’s Mentoring Sub-Committee was established to help start-ups shorten their learning curve by recruiting and matching them with experienced entrepreneurs.

ACE Tech-Connect task force will look into how to better connect enterprises seeking innovative technologies with researchers at institutes of higher learning.
"We have started the ‘match-making’ process and are happy to share that several start-ups have already found their mentors," says ACE Deputy Chairman and ACE Mentoring Sub-Committee Chairman Dr Steven Fang, Founder and Non-Executive Director of Cordlife Ltd.

To date, close to 60 mentors, comprising experienced entrepreneurs, angel investors and senior management professionals, have volunteered for the ACE Mentoring Programme. They include Mr Lim Song Joo, Founder and Chief Executive of BWG Consulting, who is matched with All ID Asia, a start-up that has developed smartcard and RFID solutions for use in areas such as member identification and exhibition visitor tracking.

"Starting a business has always been at the back of my mind in my years of working in the IT industry. When I applied for the ACE Start-ups grant, I did not expect the business to take off the way it did, generating revenue within five months of starting up! I’m very fortunate to have Mr Lim Song Joo, who comes from a similar background, as my mentor. By tapping his experience and network of regional contacts, and with support from ACE, we will be in a strong position to springboard All ID Asia into markets beyond Singapore," says Mr Alfred Leong, Founder of All ID Asia.

Bringing start-ups beyond Singapore
Besides providing platforms for start-ups to network with other entrepreneurs, investors and customers, ACE also aims to link entrepreneurs with a pool of resources to tap as they expand beyond Singapore.

The ACE Overseas Sub-Committee established the first ACE Overseas Chapter in Beijing (ACE Beijing) this year, with plans to replicate this model in other cities. Beijing was picked to be ACE’s first overseas stop as China represents the biggest market in the world for many industries, says Mr James Tan, the Chairman of the ACE Overseas Sub-Committee.

ACE Beijing hopes to help new companies get started, including assisting in basics such as obtaining office space. Start-ups can also tap the expertise and networks of the Singapore community in fields ranging from travel to finance.

"ACE Beijing provides a ‘by Singaporeans, for Singaporeans’ soft-landing platform where mentors and entrepreneurs can sharpen their ideas and execution, thus improving their chances of success," says Mr Tan, who is also the Co-founder of 55Stuan.com, one of the largest group-buying websites in China.

In addition, ACE Beijing recently collaborated with hD Capital Ltd, a member company of Tsinghua University, and Coway International TechTrans Co Ltd, Tsinghua’s technology partner, to provide technology incubation and assistance to start-ups looking to tap the Chinese market.

"The best way to help entrepreneurs get a foothold in an overseas market is by leveraging resources and connections already on the ground, and this collaboration facilitates that," adds Mr Tan.

Fostering an entrepreneurial culture
One of the biggest challenges in developing a vibrant enterprise sector is changing the mindsets of Singaporeans. As attitudes take shape at an early age, education can play a major part in fostering an entrepreneurial culture.

As such, ACE has set up the Entrepreneurship Education task force to look into a more structured and experiential approach towards entrepreneurship learning in schools, starting from young. Co-chaired by SPRING and the Ministry of Education, the task force will present their recommendations by the end of this year.

Take your ideas to market
Read on to find out how two start-ups – All ID Asia and Zinicat – have successfully leveraged the ACE Start-ups grant to start and build their businesses. For more information on how you can turn your ideas into a new business venture, please visit www.ace.sg or follow ACE on Facebook at www.facebook.com/acestartups

ACE Beijing provides a ‘by Singaporeans, for Singaporeans’ soft-landing platform where mentors and entrepreneurs can sharpen their ideas and execution.
From Employee to Entrepreneur

The prospect of starting a business can be daunting – especially if you are leaving the comfort of a well-paying job. For Mr Alfred Leong (picture), this was one of the most difficult decisions he has ever had to make.

He decided to take the plunge and started All ID Asia with a partner, Mr Wong Ee Sing, in May this year. The company, which was established with funding support from the Action Community for Entrepreneurship (ACE), provides automatic identification and data collection solutions.

Despite being a young company, All ID Asia has already developed an integrated platform for identification and smartcard-based tracking solutions. So far, its Pesona software has been received positively, with clients using it in high-integrity settings such as education and defence. The software can also be used to simplify card issuance processes, improve facility access control and keep accurate records of visitors’ information.

Valuable advice and networks
Mr Leong attributed this breakthrough to the support provided by ACE. Besides funding, ACE has also provided All ID Asia with access to networks and mentors.

The ACE Mentoring Programme is an intensive one-year programme where every start-up supported by ACE is mentored by experienced entrepreneurs. All ID Asia, for example, was matched with Mr Lim Song Joo, the Managing Consultant of BWG Consulting.

Mr Leong says that having a mentor was especially valuable because it helped the company to shorten its learning curve and accelerate its growth. In particular, Mr Lim’s experience as an accountant has helped the pair to manage the company’s cash flow more effectively.

“He guided us on some of the common pitfalls of a start-up, as well as the dos and don’ts of funding a business. For instance, he pointed out that we have to be more careful in utilising our funds because overhead and resource costs will increase as the company grows,” he adds.

Being surrounded by enterprising peers helped too, says Mr Leong. The regular networking sessions organised by ACE have enabled the pair to exchange ideas and interact with other like-minded professionals.

“The networking sessions provide a great opportunity for us to meet potential business partners and clients, make new contacts and expand our market,” he notes.

Moving forward
While few early-stage companies can expect to see revenues during their infancy phase, All ID Asia was able to generate a healthy income through the distribution of automatic identification products such as card printers, embossers and mobile printers.

However, its founders are not about to rest on their laurels. The company is now developing an exhibition visitor management software that will allow event exhibitors to manage registration and track visitor behaviour and preferences more effectively. All ID Asia hopes to complete the development by the end of this year.

Looking ahead, All ID Asia is also looking to expand locally and overseas. In addition to its continued drive to grow in the Singapore market, the firm has plans to enter Indonesia.

To other potential entrepreneurs, Mr Leong has this to say: “Stepping out of your comfort zone to start a business can be quite scary, but great rewards await those who are willing to venture out.”

In a business it is not always what you know, but who you know. The right connections can make the difference between success and failure. Find out how you can make the right connections to jumpstart your venture at www.ace.sg.

“Our ACE mentor guided us on some of the common pitfalls of a start-up, as well as the dos and don’ts of funding a business. He helped the company to shorten its learning curve and accelerate its growth.”

Mr Alfred Leong

With ACE’s funding support and access to networks and mentors, Mr Alfred Leong was able to scale up his business.
When it comes to dining out in Singapore, it is always nice to get some help in making a selection. Enter Zinicat, a service that helps users to figure out where to go for a great meal.

While food reviews and ratings are widely available online, the makers of Zinicat say their service goes one step further with its offering of customised dining suggestions based on the user’s personal tastes and preferences.

“There is always a concern about the authenticity of food reviews. We realised that many people find it difficult to trust the reviews of a blogger or a magazine because they might be subjective,” says Mr Thomas Wong (right in photo), Chief Executive of Zinicat.

“With the help of technology, we aim to automate the process of ‘word of mouth’ recommendations by using the data based on the individual’s likes and dislikes,” he adds.

**Access to mentorships and networks**

Early in Zinicat’s development, Mr Wong and his partner, Mr Daniel Yap (left in photo), turned to the Action Community for Entrepreneurship (ACE) Start-ups scheme for assistance. Besides providing funding support, ACE also aims to pair start-ups with experienced entrepreneurs who can guide and help them to grow their businesses.

Zinicat was matched with Ms Genevieve Heng, Managing Director of Chepstow Capital, who has more than two decades of experience in the financial industry. Mr Wong says that beyond acting as a sounding board, Ms Heng also provides industry expertise and advice on how to avoid common start-up pitfalls.

“One of the challenges of being an entrepreneur is managing various aspects of running a business at the same time, such as human resource and funding issues. Genevieve has played a critical role in providing strategic advice, direction and access to new networks,” says Mr Wong.

He adds: “She gave us some input on our product design. When we had difficulties finding designers, she connected us with the right people. With her wealth of experience in finance, she also provided valuable advice about raising capital and structuring our company.”

In addition, the regular networking sessions organised by ACE have enabled Mr Wong to connect with other entrepreneurs and industry leaders to share business know-how.

“Going forward, we plan to run our application on more mobile platforms, including Android,” says Mr Wong.

The company plans to develop an iPhone application and launch the service by the end of the year.

**Future plans**

While the company is currently run by Mr Wong and Mr Yap, there are plans to grow in terms of manpower to help with marketing and other aspects of the business. Going global is also on Zinicat’s agenda. In addition to deepening their presence in Singapore, Mr Wong is looking to expand into new markets in China.

Besides serving as a sounding board, a business mentor can point entrepreneurs in the right direction, shorten their learning curve and accelerate their growth. For more information on how to tap the expertise and business networks of a business mentor, please visit www.ace.sg.
It takes more than a passion for fashion to establish a successful label. You will need to combine creativity and business skills to achieve success.

To equip yourself with the skills to run a retail fashion business through the PARCO next NEXT programme visit www.spring.gov.sg/EnterpriseIndustry/IP/TA/Pages/Fashion-Design-Incubator.aspx.

Whether it is the challenge of creating original designs or making a name for yourself in the industry, starting a fashion retail business is not for the faint of heart. Just ask Ms Lee Yun Ting, who wanted to build her own label after graduating from the Raffles Design Institute.

Like most first-time entrepreneurs, especially those who are fresh out of school, Ms Lee faced the daunting challenge of funding her business from scratch. Fortunately, the grant provided by SPRING Singapore’s Young Entrepreneurs Scheme for Start-ups (YES! Start-ups)* helped the aspiring fashion designer to jumpstart her label, Episene.

“The grant enabled me to start my business quickly. Besides funding support, SPRING also equipped me with the capabilities to manage my business,” says Ms Lee. “For example, SPRING organises networking sessions, which provides an opportunity for me to meet and learn from other entrepreneurs and industry leaders.”

The business of design
In addition to support from the YES! Start-ups scheme, Ms Lee is also one of the 18 emerging designers supported by the PARCO next NEXT fashion incubator programme. She was given the opportunity to showcase her creations in a retail space at PARCO Marina Bay, and participate in an 18-month mentorship and training programme to prepare her to run a design and retail business.

Ms Lee was paired with home-grown designer Daniel Yam, who guided her on managing critical business functions such as budgeting, marketing and production.

“When it comes to running a retail fashion business, having creativity is not enough. As I don’t have any business background, the advice given by my mentor was very helpful,” explains Ms Lee.

She adds that Mr Yam’s advice helped her to get a better understanding of her customers and the importance of bringing their perspectives into her designs.

“As a designer, I can end up over-designing something that may not be well-received by my customers. Daniel offers comments on the commercial viability of my designs, thus reducing the risk of failure,” she notes.

Finding a suitable garment manufacturer that was willing to produce small quantities of her creations at a reasonable cost and quality was also a major challenge for Ms Lee. SPRING came in with a list of manufacturers that could work within Ms Lee’s requirements.

“This helped to speed up the process as I did not have to source for the manufacturers myself,” says Ms Lee.

Stepping out of Singapore
With the successful launch of Ms Lee’s 2012 Autumn/Winter collection, the future looks bright for Episene. Looking ahead, Ms Lee aims to gain a stronger foothold in the fashion scene by participating in events such as the Audi Fashion Festival and Blueprint fashion tradeshow.

“These events provide an opportunity for me to showcase my work to international buyers and media. They are also platforms for designers like me to break into the international fashion scene,” says Ms Lee.

“Besides joining trade shows in Hong Kong or Japan in the next two years, I am looking forward to strengthening my brand,” she adds.
A good business idea is key to the success of any new venture, but having the right support and structures in place are also critical ingredients to take a start-up from concept to reality.

To find out how the ACE Start-ups Grant can help you kick-start your business idea, visit www.ace.sg.

Anyone who has lost a wallet or briefcase will know the feeling of helplessness and loss that comes with being separated from their valuables, not to mention the inconvenience. Credit cards need to be cancelled and replaced, fresh applications need to be made for identification documents, and security breaches need to be plugged if confidential papers are involved.

To address this problem, Jonathan Lim, Managing Director of Innova Technology, and his co-founder, Rick Tan, decided to develop a simple, convenient and highly effective loss prevention device to help people secure their belongings.

The result is PROTAG, which at 3mm thick, is the world’s thinnest Bluetooth loss prevention device. By slotting the credit card-sized PROTAG into a wallet or handbag and synching it with a mobile phone, users will receive an alert whenever the item goes beyond the range of a pre-determined distance from the phone.

In addition to funding, SPRING also helped to link Innova with potential partners like SingTel. “They give you access to useful contacts through their networks,” notes Mr Lim. “It’s not like they just throw $50,000 at you and go away. They put in an effort to support your company as it starts up, monitoring your progress and staying updated on how things are going.”

Following an initial production run of 1,000 devices, Mr Lim explains that the product was significantly reworked to improve its performance and usability, as well as being rebranded as PROTAG. Working with a regional distribution partner, Innova will launch the new PROTAG at Changi Airport at the end of this year before pushing out to other markets such as Thailand and Indonesia.

Innova plans to set up an office in China and hopes to tap SPRING and ACE for support to help it navigate the business environment there. The company is applying for SPRING’s Technology Innovation Programme (TIP). “If we get the TIP funding, we will use it to drive the development of our technical office in Singapore. By developing our team here, we will be able to move ahead with product development and upgrades.”

Recently, Innova won $589,000 in funding from technology incubator Red Dot Ventures. The funding will allow it to expand its business in Asia as well as in America and Europe.

“We need to run faster than the competition to make sure that we stay ahead!” adds Mr Lim.

Mr Jonathan Lim
Managing Director, Innova Technology
Supporting a Start-up’s First Steps

**SPRINGnews: What kind of support does ACE offer to aspiring entrepreneurs in Singapore?**

**Mr Sim:** The objective of ACE is to help aspiring Singapore entrepreneurs take the first steps to start their first business. Entrepreneurs supported under ACE get access to funding, mentoring and networks. Under ACE Start-ups, they can receive matching funding of up to $50,000. They are then matched with experienced entrepreneurs for one-on-one mentoring. They are also plugged into the local and overseas ACE networks. We recognise that while seed funding helps entrepreneurs start their business, mentoring and networks will accelerate their growth into sustainable businesses.

**SPRINGnews: Can you share some examples of start-ups that ACE Start-ups is supporting?**

**Mr Sim:** ACE is currently supporting start-ups like All ID Asia. The founder, Mr Alfred Leong, left a well-paying job in a local IT firm to start his own business. All ID Asia has developed an integrated automatic identification and data collection solution platform, which is now used by companies for ID card and visitor management. Barely five months into business, All ID Asia’s revenue is already growing! Not one to rest on his laurels, Alfred says the company is developing new software to add to its product offerings.

Another start-up we’ve supported is Uberquery, which offers businesses an online B2B platform to source for products globally. The founder, Mr Yow Yong Hui, put his studies on hold to pursue his entrepreneurial dream. He persevered despite facing challenges, such as working with a co-founder who is based overseas. This is the kind of determination and dedication that we need in our entrepreneurs.

**SPRINGnews: What is the response to the ACE Start-ups scheme like so far?**

**Mr Sim:** We have received over 360 applications for ACE Start-ups in the nine months since we started. This is double the 180 applications received in a year under the Young Entrepreneurs Scheme for Start-ups (YES! Start-ups). This is very encouraging as it shows that more people are going into business, including mid-career professionals. In terms of age, the youngest applicant was 19, while the oldest was 72!

**At what stage should a start-up approach ACE Start-ups for assistance?**

**Mr Sim:** We set up the scheme to help aspiring entrepreneurs start their first business. Specifically, we are looking at those who are ready to commercialise their business ideas. We are flexible and will consider start-ups which have been incorporated for less than six months.

**SPRINGnews: How does one apply for the ACE Start-ups grant?**

**Mr Sim:** We try to keep the process simple. The applicant needs to fill in an application form, telling us about himself or herself and his or her team, provide a brief business proposal, and how the proposal meets our evaluation criteria. Supporting documents such as a business plan or the CV of the team may be attached. Applications can be submitted anytime. We will process them at the end of each month.

Shortlisted applicants will be given the opportunity to pitch to the evaluation panel, which meets about three weeks into the following month. For successful applicants, we will work with the team to set performance milestones. The entire process, from the cut-off for submission at the end of each month to the disbursement of funds, usually takes no more than eight weeks.

**SPRINGnews: Do you have any advice for aspiring entrepreneurs who want to apply for the ACE Start-ups grant?**

**Mr Sim:** We encourage applicants to think through all aspects of their business and work out how they will implement their idea before coming to us. Talk to potential customers. Consult potential investors. Consider carefully how your business will be able to meet the four key criteria. And prepare well on how to pitch to the panel and answer questions on your business proposal.
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Pulling the Right Levers

Improving productivity in Singapore’s food manufacturing sector requires a focus on key productivity levers.

Singapore’s food manufacturing industry is profitable, yet it lags behind its global peers in productivity. This is according to a recent international productivity benchmarking study carried out by management consulting firm Bain & Company in partnership with SPRING Singapore.

At $62,000, Singapore’s value-add per worker is below that of Japan ($83,000) and Korea ($82,000) and far behind the likes of the United States ($168,000), Australia ($113,000) and the United Kingdom ($98,000).

According to the study, there are various reasons for the industry’s low productivity, including lack of scale, tight labour supply, low adoption of automation and a challenging delivery ecosystem.

Nevertheless, the industry does have its strengths. The study notes that companies in the sector have strong products and brands, forward-looking management, and good quality controls and standards. Building on these strengths, there is potential to raise the productivity and profitability of Singapore’s food manufacturing industry.

Challenges to overcome

While not all companies face the same challenges, the study notes a range of internal and external factors that are broadly applicable to the industry. These include:

- A lack of scale, both in terms of company size and the size of the domestic market
- Difficulty in attracting local workers, combined with limited foreign supply and high turnover rates
- Rising costs of raw materials, rent, labour and distribution
- Manual packaging processes
- Low adoption of automation or piecemeal automation
- Under-utilisation of equipment
- Inefficient delivery due to large numbers of small delivery points
- Inefficient use of manpower in sales and marketing

Finding the right approaches to address these challenges will be critical to the food manufacturing industry’s success going forward.

Levers for improvement

The study identifies a number of levers for improving productivity:

- Scale and ‘premiumisation’ and innovation, which are drivers of growth;
- Automation and systems, and purchasing optimisation, which drive efficiency; and
- Company strategy and HR management, which play an important role as enablers of productivity.

“Lack of scale is a root cause of low productivity that has to be addressed,” notes Mr Wade Cruse, a Partner at Bain & Company. Building scale, either in domestic or overseas markets, would enable companies to increase production, spread out the fixed costs and improve utilisation.

“There are two things that companies could, and should, consider doing. If they want to remain domestically focused they can try to partner with other companies to achieve scale. The other alternative is overseas expansion. Remaining subscale makes overcoming the productivity challenge quite difficult,” adds Mr Cruse.

On the efficiency side of the productivity equation, automation is one of the most frequently cited tools of productivity improvement. It is certainly applicable to the industry in Singapore, where automation is often lacking, or done in a piecemeal way.

“Depending on which stage an SME is in, one of the first things it should do is automate its production. Next is to look at automating the packaging, which is not common here. There are a lot of productivity gains to be had simply by investing in equipment to automate the packaging,” says Mr Cruse.

He adds that companies should focus not just on the productivity of their factory employees, but also that of office employees. “Companies should consider things like ERP systems and accounting and inventory systems – any back-office processes that are being done manually. If they can automate these, they can substantially improve productivity.”

Another driver for efficiency is to optimise purchasing. “One way to achieve this is through scale, which allows for larger orders and a stronger position in negotiations with vendors,” explains Mr Cruse.

He adds, “But getting a lower price is not the only goal. Companies also need to take a close look at their inputs and outputs to revenues on the same volume of sales. Alternatively, sales volumes can be increased through demand-generating innovation. This could be in the form of new flavours or portion sizes or entirely new products.”

“Measuring, monitoring and benchmarking productivity performance is important. If you’re able to measure and monitor it, you’re much more likely to understand what’s happening, and be in a much better position to do something about it.”

Mr Wade Cruse

“One of the first things an SME should do is automate its production. Next is to look at automating the packaging. There are a lot of productivity gains to be had simply by investing in equipment to automate the packaging.”

Mr Wade Cruse, Partner, Bain & Company

“Measuring, monitoring and benchmarking productivity performance is important. If you’re able to measure and monitor it, you’re much more likely to understand what’s happening, and be in a much better position to do something about it.”

Mr Wade Cruse

“One of the first things an SME should do is automate its production. Next is to look at automating the packaging. There are a lot of productivity gains to be had simply by investing in equipment to automate the packaging.”

Mr Wade Cruse, Partner, Bain & Company
identify which areas need improvement. A first step to enhancing productivity is to measure, monitor, and benchmark off-peak hours. “Scheduling shifts around the convenience of public transport is another factor to look at. Often, factories are located quite remotely and can be difficult to get to at off-peak hours.”

While automation and systems play an important role in driving productivity improvements, the impact of the human element should never be underestimated. Ultimately, it will be a company’s employees that will implement any changes, and they need a clear and focused strategy that is properly communicated to align their efforts and encourage them to stay committed.

Hence, human resource management is critical. Training, incentives, and performance metrics are all important elements for ensuring a motivated and skilled workforce which will drive continuous improvements.

“Companies need to realise that employees have a choice as to where they work, so they need to develop strategies and HR policies to help them attract better, more productive employees,” says Mr. Cruse. This can lead to better retention and reduce inefficiencies and the need for constant training of new employees.

“There is some room for improvement with respect to HR policies in the industry,” notes Mr. Cruse. “Areas that could be addressed include the intensity and duration of work hours by being flexible and allowing employees to work different shift patterns. Scheduling shifts around the convenience of public transport is another factor to look at. Often, factories are located quite remotely and can be difficult to get to at off-peak hours.”

Measure, monitor, benchmark
A first step to enhancing productivity is to identify which areas need improvement. Tracking performance through productivity metrics allows the management to monitor progress and adjust efforts as required. Similarly, benchmarking is a valuable exercise, both externally (comparing to competitors) and internally (looking at internal performance between locations or between years). The study suggests several basic metrics that a company could track to start their journey towards improved productivity:

- Value-add per worker: measures net wealth created per employee
- Revenue per worker: measures value of output generated per employee
- EBIT margin: indicates operating profits retained in company
- Volume per month: reflects total sales volume and growth year-on-year
- Volume per worker: measures physical output generated per employee
- Yield (finished goods/raw materials): demonstrates efficiency of company in production process and use of raw materials

“Measuring, monitoring and benchmarking productivity performance is important. As with any type of goal, if you’re able to measure and monitor it, you’re much more likely to understand what’s happening, and as a result, will be in a much better position to do something about it,” explains Mr. Cruse. As a starting point, he suggests companies need to understand if there is a major difference between their performance and the average company in their industry or subsector with regards to productivity measures. “Once this has been determined, they can then figure out what is driving that difference and start to consider what needs to change in order to address the gap. All of this starts with measuring and monitoring your own performance.”

While automation and systems play an important role in driving productivity improvements, sometimes, a slightly higher priced input can lead to larger productivity gains that offset the higher cost.”

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A Recipe for Productivity

Hock Lian Huat Foodstuffs turned to technology and staff training to close the productivity gaps identified by the IMPACT assessment.

It was a desire for business growth that got Mr William Tan (below), Managing Director of Hock Lian Huat Foodstuffs, to go on the productivity journey.

A leading manufacturer of traditional Chinese snacks since 1928, Hock Lian Huat is best known for its meat rolls and prawn crackers. With more than 40 products prepared daily at its central kitchen, the company decided to look into how automation can help simplify the food preparation processes.

Getting a clearer picture

To see how it could make productivity improvements, the company participated in the Productivity Management Programme (PMP). A joint initiative between SPRING Singapore and the Enterprise Development Centres (EDCs), the PMP aims to educate, train and assist SMEs to improve productivity.

“We wanted to determine the feasibility of expanding our operations. The PMP helped us to understand our systems and whether our current processes could support our growth effectively,” says Mr Tan.

The company worked with Mr Raymond Wong, a productivity advisor from the EDC at the Singapore Manufacturing Federation (EDC@SMF) and used the Integrated Management of Productivity Activities (IMPACT) assessment tool to identify its strengths and weaknesses.

Upgrading capabilities

With support from SPRING’s Technology Innovation Programme (TIP), Hock Lian Huat leveraged technology to boost productivity. For example, the company invested in a specialised machine that automates the frying and de-oiling of its prawn crackers.

Besides reducing manpower, the machine also improves product consistency. Mr Tan estimates that the machine will increase production capacity by about 15 to 20 per cent.

“Now, we need two workers per shift at the deep frying station. With the new equipment, only one worker will be required per shift. As the machine can fry the prawn crackers with minimal supervision, it will not only free up manpower, but also reduce the time needed,” notes Mr Tan.

Hock Lian Huat also acquired a specialised mixer which is used to blend the ingredients for its meat rolls. “The new mixer will reduce the time needed to mix the ingredients, from 45 to just 15 minutes. It will also increase the production volume and ensure that the right quantities of ingredients are added in at the right time,” says Mr Tan.

Improving labour productivity

Hock Lian Huat also invested in training to upgrade the skills of its employees. In addition, standard operating procedures have also been put in place, so that all employees are clear about the workflow, which improves efficiency. Mr Tan believes that these programmes will not only equip staff with the necessary know-how, but also improve their sense of belonging towards the company.

“Building internal strength is a critical aspect of raising productivity. Staff who are engaged in their work will naturally be more productive because they are motivated to help the firm achieve its goals,” explains Mr Tan.

Mr Tan is confident that the productivity improvement efforts will spur further growth of the company. For one, he is looking at expanding the number of supermarket chains which its premium brand of frozen products, Gim’s Heritage, is distributed to. He is also looking into overseas expansion, starting with the Chinese market.

Technology can help enterprises to streamline processes, maximise efficiency and improve services. Find out how you can raise your organisation’s productivity performance with SPRING’s Productivity Management Programme at productivity.business.gov.sg.
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 & Innovation Credit (PIC)
  - 400% tax deduction on up to $400,000 or cash payout up to $60,000

- Innovation and Capability Voucher (ICV)
  - $5,000 voucher to upgrade capabilities

- Increase SME Productivity With Infocomm Adoption & Transformation (ISPRINT)
  - Up to 50 – 70% grant for adopting infocomm technology

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

- Local Enterprise Finance Scheme (LEFS)
  - Loan to purchase / upgrade factory and equipment

- Micro Loan Programme
  - Loan for small businesses to fund operational improvements and automation

Seek help at:

- EDC@ASME: Association of Small and Medium Enterprises 6513 0388
- EDC@SCCCI: Singapore Chinese Chamber of Commerce and Industry 6337 8381
- EDC@SICCI: Singapore Indian Chamber of Commerce and Industry 6508 0147
- EDC@SMF: Singapore Manufacturing Federation 6826 3020
- EDC@SMCCI: Singapore Malay Chamber of Commerce and Industry 6293 3822
INCUBATOR DEVELOPMENT PROGRAMME (IDP)

WHAT IS IT?
This is a grant for incubators and venture accelerators to enhance their capability development programmes for innovative start-ups.

Incubation is critical to raise the success rate of innovative start-ups in their formative years; it accelerates the development of start-ups by providing them with critical resources and services. These include assistance to obtain financing, management/technical guidance and mentorship, access to market and talents, rental space with flexible leases, and shared business services and equipment.

WHAT LEVEL OF SUPPORT?
IDP provides up to 70% grant support for supported cost items like:
• Programmes to Nurture Start-ups
  Costs of introducing programmes that help start-ups develop new products/services, obtain business financing, improve market access, etc.
• Mentoring Start-ups
  Hiring mentors to provide management guidance to start-ups
• Operating Expenses
  Costs incurred to market services/events, hire incubator managers, train staff, provide shared services/equipment for start-ups, etc.

HOW TO QUALIFY?
Interested parties should:
• Have a proven management team with the necessary experience and expertise to effectively groom innovative start-ups in the early stage into high growth companies.

SPRING START-UP ENTERPRISE DEVELOPMENT SCHEME (SPRING SEEDS)

WHAT IS IT?
This is an equity-based co-financing option for Singapore-based start-ups with an innovative product or process and possess intellectual content and strong growth potential in international markets.

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

WHAT LEVEL OF SUPPORT?
SPRING SEEDS Capital co-invests in commercially viable local start-ups together with independent third-party investor(s), matching dollar-for-dollar up to $1 million.

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

ACTION COMMUNITY FOR ENTREPRENEURSHIP START-UPS SCHEME (ACE START-UPS SCHEME)

WHAT IS IT?
This scheme provides funding support to entrepreneurial Singaporeans who want to take their first step in starting up a business. The grant can be used for business development expenses such as manpower and operating expenses, purchase of equipment, software, materials and consumables, acquisition of intellectual property (IP) rights, professional services or marketing and promotion activities.

WHAT LEVEL OF SUPPORT?
ACE will match $7 to every $3 raised by the entrepreneur for up to $50,000.

For example, an application for a $35,000 grant must be matched with a $15,000 investment by the entrepreneur.

For selected ventures beyond the initial $50,000 funding support, ACE will match $3 to every $7 raised by the entrepreneur. The funding support is up to $100,000 for such selected ventures.

For example, an application for a $80,000 grant will be supported in the following manner:
• The first $50,000 grant by ACE requires the entrepreneur to match $21,489.
• The next $30,000 grant by ACE requires the entrepreneur to match $70,000.

HOW TO QUALIFY?
At the point of application, the Applicant must be:
• A Singaporean or Singapore Permanent Resident. Parental consent must be sought for applicants 18 years old and below on the date of the application
• A full time entrepreneur
• The key driver in the company, and must be committed to the business on a full-time basis

In addition, the Company must fulfill the following conditions:
• Must not have been registered or incorporated for more than 6 months from the date of application
• Must not have received any funding for the proposed business idea from another government organisation
• The eligible applicant(s) must hold or propose to hold at least 51% equity in the underlying company; and
• Proposed business idea must not be in the objectionable list. This includes night clubs, lounges, bars, foot reflexology, massage parlours, gambling, prostitution, social escort services, employment agencies (including recruiting foreign work permit holders and workers/ support staff, relocation services, and manpower services), and geomancy etc.

HOW TO APPLY?
Contact ACE
Email: acestartups@ace.org.sg
or
EnterpriseOne
Tel: +65 6898 1800
Email: enterpriseone@spring.gov.sg
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1 Fusionopolis Walk, #01-02
South Tower, Solaris
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EDC Development Centres (EDCs)

EDC@ASME
Association of Small and Medium Enterprises (ASME)
167 Jalan Bukit Merah
Tower 4, #03-13
Singapore 150167
Tel: (65) 6513 0388
Email: enquiries@edc-asme.sg
Website: www.edc-asme.sg

EDC@NorthEast
(Managed by EDC@ASME)
Tampines Ave 5, #06-01
NTUC Income Tampines Junction
Singapore 529653
Tel: (65) 6424 4000
Email: northeeast@edc-asme.sg

EDC@SCCI
Singapore Chinese Chamber of Commerce and Industry (SCCCI)
47 Hill Street, #09-00
Singapore 179365
Tel: (65) 6339 0605
Fax: (65) 6339 0605
Email: edc@edc-scci.sg
Website: www.edc-scci.sg

EDC@SMF
Singapore Manufacturing Federation (SMF)
SPRING Singapore Building
2 Bukit Merah Central, #08-00
Singapore 159835 (until mid-Nov 2012)
2985 Jalan Bukit Merah
Singapore 159457 (from mid-Nov 2012)
Tel: (65) 6826 3020
Fax: (65) 6826 3021
Email: edc@edc-smf.sg
Website: www.edc-smf.sg

EDC@SMCCI
Singapore Malay Chamber of Commerce and Industry (SMCCI)
15 Jalan Pinang
Singapore 199147
Tel: (65) 6293 3822
Fax: (65) 6293 3905
Email: gadvisory@edc-smcci.sg
Website: www.edc-smcci.sg

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