

2015

THE YEAR AHEAD FOR SMEs

Enabling the transformation of Singapore's SMEs to grow and compete

With an increasing number of larger SMEs expanding overseas in 2014, the year ahead is all about consolidation and seizing growth opportunities as companies continue to seek ways to be more productive and increase competitiveness. This was one of the findings of DP Information Group's SME Development Survey 2014, which showed a 20% increase in larger SMEs expanding overseas. What's more, about half of the SMEs surveyed in this annual growth and productivity report now have an overseas presence.

Although SMEs expect 2015 to be challenging, leveraging SPRING Singapore's support will enable them

to meet challenges head-on. Focusing aggressively on innovation, improving productivity and strengthening their ability to attract and retain talent are just some of the strategies that should encourage success.

"The outlook for the coming year remains uncertain," says SPRING Singapore's Chief Executive, Mr Tan Kai Hoe. "But there are also many opportunities that our SMEs must seek out even as they continue upgrading their productivity and capabilities."

Economic outlook

Last November, the Ministry of Trade and Industry (MTI) announced that it expects the economy to grow by around 2-4% in 2015.

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Mr Tan Kai Hoe
Chief Executive
SPRING Singapore

Sectors such as manufacturing, wholesale trade, and finance and insurance, which tend to seek markets overseas, are especially likely to see growth. At home, the business services industry is expected to remain resilient, although labour-intensive construction, retail and food services trades will need more support to meet the challenges ahead.

MTI recently highlighted the need for more innovation among SMEs, by harnessing new technological tools such as data analytics and e-commerce, to drive business growth.

It is a message SPRING endorses as it encourages SMEs to focus on thinking out of the box and to constantly innovate.

SPRING’s Innovation and Capability Voucher (ICV) has supported many local businesses as they take steps

to harness innovation. Awesome Expressmart Pte Ltd, a convenience store, and Baby’s Boutique, a store selling clothes for children and infants, each applied for the ICV in order to purchase an integrated Point-of-Sales (POS) system, which automates the tracking of inventory items and sales transactions. This has allowed the companies to analyse their consumers’ purchasing habits which enables them to better serve their customers.

Seeking growth opportunities

Malayan Daching, a supplier and repairer of weighing scales and systems, and a provider of automation solutions, is also looking to increase its productivity in 2015 through more automation and technology. It is planning to invest in new equipment and implement an Enterprise Resource Planning (ERP) system in the company. In addition, it is hoping to boost the productivity of its customers.

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Mr Sim Sem Peng
Chairman, Malayan Daching



“With the Government aggressively promoting that companies should increase productivity, SMEs like us see big opportunities to provide automation solutions and bring in new technology to help customers,” says Mr Sim Sem Peng, Chairman, Malayan Daching “Such technology can reduce the need for manpower, which means it’s a highly effective way of tackling manpower shortage problems.”

With more SMEs seeking opportunities in overseas markets, brand development becomes increasingly important. Ban Choon Marketing is one SME looking to internationalise in 2015. The company, which imports and distributes fresh produce to major supermarkets, catering centres, hotels and restaurants, is currently setting up an office in Vietnam.

“We are looking at activities that create higher value-add, such as better branding. We’re also exploring selling processed products that can offer a better margin,” says the company’s General Manager, Mr Joe Tan.

At the same time, back in Singapore, Ban Choon is continuing to invest in staff training to increase productivity and attract more talent. With support from SPRING’s SME Talent Programme, which helps to match suitable talent to SMEs, it is putting its new Singapore-based recruits through a one- to two-year training programme before deploying them as supervisors and managers.

Meeting the needs of the SME sector

By supporting SMEs’ innovation and productivity improvement projects,

SPRING helps SMEs navigate the structural changes in the economy, particularly rising costs and the tightening labour market.

SPRING's support mechanisms for SMEs focus on four main areas: the Capability Development Grant, the ICV, loans, and toolkits.

The SME Development Survey found that 81% of respondents had successfully applied and benefited from such schemes in 2014, with a 32% increase in the ICV take-up rate.

In addition, SPRING works with partners to reach out to more SMEs. Collaborative Industry Projects (CIP) and Partnerships for Capability Transformation (PACT) are some examples of how SPRING has worked closely with Trade Associations and Chambers (TACs) and large organisations to help SMEs build their business capabilities.

Under the CIP, SPRING encourages companies to form consortia made up of solution providers and SMEs to develop productivity solutions. It has launched the CIP in various sectors – food manufacturing, food services, printing, cleantech, education, professional services and logistics. One example of a productivity solution implemented was the installation of automated covers for trucks in the cleantech sector. Thanks to automated covers, truck drivers no longer have to manually open and close the top of the truck containers



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Mr Kurt Wee

President, Association of Small and Medium Enterprises (ASME)



and can do their jobs more quickly and safely. This helps waste management companies make better use of their resources.

Through PACT, SPRING supports projects where large organisations use partner development, knowledge transfer and co-innovation to help SMEs. Companies have experienced huge benefits under this initiative.

For example, with the help of partner development, Hiap Seng Engineering Ltd, a large local enterprise which provides engineering and construction services in process plant projects and maintenance, installed an automated pipe spool fabrication system at its workshop in December last year. Using

the automated system has helped three of Hiap Seng's SME sub-contractors reduce the number of workers required at the pipe spool production line and increased revenues with shortened overall production schedules.

Working alongside SPRING, the Association of Small and Medium Enterprises (ASME) will continue to profile SMEs, implement new initiatives, promote events, seminars and courses. The SME Centre@ASME, one of five SME Centres managed by five TACs, has been providing value-added services and knowledge to help SMEs enhance their businesses, linking them to the various government schemes.

"ASME will continue to collaborate with other associations to reach out to a wider number of SMEs. Our goal is no longer about serving only our members, it is about serving SMEs at large," says Mr Kurt Wee, President, ASME.

Fit for the future

With many challenges awaiting SMEs in 2015, one thing is clear: SMEs must redouble their efforts to stand out from the crowd.

Mr Tan puts it this way: "In the long run, SMEs need to look beyond achieving operational efficiency. SMEs must develop new ideas and new products in order to compete locally and globally. Where necessary, they can tap government assistance programmes to support these initiatives." ■



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Mr Joe Tan
General Manager,
Ban Choon Marketing

