

**SPEECH BY DR KOH POH KOON, MINISTER OF STATE, MINISTRY OF TRADE AND INDUSTRY, AT THE 3<sup>RD</sup> SME CENTRE CONFERENCE – “LEANER, SMARTER SMES” ON FRIDAY 1 APRIL 2015, 9.15 A.M. AT GRAND COPTHORNE WATERFRONT HOTEL, LEVEL 4 GRAND BALLROOM**

Mr Kurt Wee, President of Association of Small and Medium Enterprises

Distinguished Guests,

Ladies and Gentlemen,

Good Morning.

**Introduction**

1. I am pleased to join all of you at the SME Centre Conference today. This is the third time that the SME Centres have come together to organise this event and I would like to thank SME Centre@ASME for taking the lead in organising this year's edition.

**Importance of SMEs**

2. SMEs are an integral part of Singapore's economy. They employ 7 out of every 10 workers and contribute to half of our GDP. In order for our economy to continue to thrive, it is critical for SMEs to become more competitive by becoming leaner and smarter. This is particularly since our economy is expected to undergo an extended period of slow growth.
3. Today's programme features companies that have addressed this challenge in different ways. Some have reduced their reliance on manpower by optimising business processes, while others have adopted technology to enable productivity improvements. Regardless of the strategy employed, a common theme across these companies is their willingness to invest in themselves, and willingness to do things differently.
4. Many companies who require advice on the next steps to take have approached Business Advisors at the SME Centres. Last year, the SME Centres helped some 22,000 SMEs assess their business strengths and weaknesses through consultation and diagnosis before matching them with solutions and relevant government assistance schemes. This one-on-one approach will continue to play an important role going forward.

**Greater Emphasis on Group-Based Solutions**

5. However, we also recognise that there are opportunities for common business challenges to be addressed collectively, with businesses working in collaboration with one another. In particular, SMEs in the same locality or trade might face similar issues and seek to address these collectively. This 'group based' approach could also be used in situations where individual SMEs face resource

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constraints. For these reasons, we will be placing greater emphasis on group-based solutions based on the SMEs' localities and trades.

6. This approach has already achieved good results. Since 2014, the Manufacturing Productivity Technology Centre (MPTC) at A\*STAR's Singapore Institute of Manufacturing Technology (SIMTech) has offered a set of five standardized, bite-sized productivity solutions for SMEs in the Manufacturing sector. These solutions are pre-approved for grant support by SPRING, and include operational efficiency methodologies and item management & tracking systems. In total, 116 SMEs benefitted from these solutions, with each reporting at least 20% improvement in their productivity. As these solutions were pre-packaged with components that worked well together, the SMEs did not have to incur the time, expense and effort to configure such solutions themselves. Building on this, MPTC has developed nine additional packaged solutions that will target SMEs beyond the Manufacturing sector. Moving ahead, SPRING will continue to work with partners such as the MPTC to bring more such solutions for groups of SMEs to take up.
7. We will also work through Trade Associations and Chambers (TACs) to upgrade groups of SMEs through the Local Enterprise and Association Development (LEAD) Programme. One example is the deployment of the Mobileye driver assistance system among 19 logistics and transport operators, an initiative led by the Singapore Transport Association. The Mobileye system, which is a smart camera that analyses road conditions and provides safety alerts, led to a 40% reduction in accident rates and 10% savings in insurance premiums and repair or maintenance costs. The reduced downtime of vehicles also meant higher productivity for these operators. Such a solution was only possible with sufficient participation by industry members. At the Budget speech last week, the Minister for Finance announced the new LEAD Plus programme which aims to upgrade the capabilities of TACs. This will enable TACs to be more effective in supporting the development of their industries. More details will be given at the upcoming COS.

### **Enabling SMEs through relevant information and resources**

8. While the Government is committed to helping SMEs transform, it is also important that SMEs are proactive in seeking out relevant information and resources. SPRING's revamped SME Portal, now known as SMEPortal.SG, offers self-help tools such as the Smart Advisor feature and GeBiz Alerts which enable SMEs to identify government schemes and contracts that are relevant to their business. Through collaboration with private sector partners, SMEs can now enjoy a robust range of industry news and useful business solutions that will enable them to make informed business decisions. I strongly encourage companies to tap on the resources available at this portal.

### **Conclusion**

9. In closing, I would also like to take this opportunity to thank our partners from the TACs, People's Association as well as the SME Centres for their support and collaboration in building our businesses in the community. The

Government looks forward to continuing our partnership to develop programmes and initiatives that will help our SMEs achieve sustainable growth.

10. Thank you.

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