

**OPENING REMARKS BY MS LOW YEN LING, PARLIAMENTARY SECRETARY,
MINISTRY OF TRADE AND INDUSTRY & MINISTRY OF EDUCATION, AT THE
SME CAPABILITIES FORUM 2016 ON THURSDAY, 19 MAY 2016, 9.15AM AT
THE GRAND COPTHORNE WATERFRONT HOTEL**

Distinguished Guests,

Ladies and Gentlemen,

Good Morning.

1. It is my pleasure to join all of you here today at the second edition of the SME Capabilities Forum. It's wonderful that there are about 400 SME representatives here, ready to explore new ideas, solutions, partnerships and experiences.

Staying resilient and sustaining growth through business transformation

2. As Singapore and the region undergo a period of slower growth, our businesses need to cope with increasing competition, costs, and constraints on manpower and land. Against this backdrop, the forum's theme on "Capabilities for Business Transformation" is more relevant than ever.

3. To keep our economy vibrant and resilient, innovation and skills remain key imperatives. Driving transformation through innovation and skills are crucial to SMEs. They make up 99 percent of our companies, employ 70 percent of our workforce and contribute about 50 percent of our GDP. As key pillars of Singapore's economy, SMEs are an important source of innovation and great ideas with potential to spur economic growth.

Importance of strengthening people and processes

4. To achieve business transformation, SMEs need to develop the strengths and skillsets of the workforce. This not only involves people and talent development, but also enhancing existing processes to create meaningful jobs involving higher value-add activities and services.

5. Take the example of Upside Down Concepts. This video production company recognises the importance of strengthening its processes and workforce. It used to rely heavily on manual labour to service and monitor its time-lapse cameras onsite. Realising that this process was time-consuming and limiting its growth potential, the owners invested in the development of a remote monitoring system to eliminate the need for manual onsite servicing and monitoring. The company then trained and upskilled its employees and deployed them to higher value-adding tasks such as centralised monitoring in a big room and video analysis. The staff who were trained were also able to contribute to the development of new technologies, such as solar-powered mobile security systems, thus helping the company to expand into new target segments and markets. With this new system in place, Upside Down Concepts has saved 300 man-hours on a monthly basis, and doubled its sales from the Asian market.

6. I would like to encourage SMEs and all of you here to tap on SkillsFuture. As business owners, you can put in place training programmes and career progression pathways, and offer greater opportunities for employees to upgrade themselves. In addition, the SkillsFuture Mentors Programme can provide you with advice and assistance of mentors with deep management and industry experience as well as expertise in learning and development. I am heartened to share with you that SPRING Singapore is committed to build a pool of 400 mentors to support 2,000 SMEs over the next three years.

Innovation as a key pillar of business transformation

7. Besides strengthening people and processes, SMEs need to innovate in face of today's challenges. I note that more SMEs are investing in innovation to pursue growth opportunities. For example, SPRING Singapore has seen a tripling in the number of business innovation projects supported by the Capability Development Grant (CDG) from 2014 to 2015. According to a 2015 MTI study, the revenues of companies were higher by 7.8% on average after embarking on CDG technology innovation projects.

8. Lockerfellas, a laundry service provider, is an encouraging example. The company leveraged on mobile connectivity and shared resources to develop an alternative 24-hour laundry service for customers. Unlike traditional laundry services, Lockerfella's e-solution enables customers to submit laundry service requests and make payment via a mobile app. Customers can deposit their laundry to be cleaned, as well as collect the clean laundry from selected lockers in condominiums, offices and commercial buildings located islandwide. Through mobile and smart technologies, Lockerfellas has enhanced the efficiency of its processes and increased its range of services. Similar to the previous example, it has helped to also penetrate a new target segment.

Accelerating business transformation through inorganic growth

9. Besides investing in technology, innovation and people, business owners can reinvent business models for growth opportunities. It could be about discovering growth beyond organic means and exploring M&A (mergers and acquisitions) opportunities.

10. A good example of this is Advanced Holdings, a specialist solution provider for the oil & gas and petrochemicals industries. The company understood that expanding organically through technological capabilities and new markets takes time. To accelerate its growth, it adopted an M&A strategy of acquiring new technologies for faster market expansion. Since 2005, Advanced Holdings has concluded 14 M&A deals globally, expanded its number of patents to 17 and improved its speed-to-market significantly. SMEs can hear more about the company's M&A journey and how that has helped transform its business from Dr Kar Wong, Managing Director of Advanced Holdings, during the panel discussion later.

Good management consultants are important in SMEs' business capability development journey

11. Management consultants play an important role in Singapore's enterprise development landscape as they assist SMEs to grow new markets, innovate and achieve operational excellence. They also help enterprises solve issues, create value, identify opportunities and improve business performance for sustainable business growth. Therefore, it is important for SMEs to be able to identify and engage suitable consultants with relevant competencies, as well as good professional and ethical standards.

12. To help SMEs connect with quality and bona fide consultants, I am pleased to announce that SPRING Singapore and the Singapore Standards Council have partnered a group of industry representatives, including certifying bodies and management consultants, to explore ways of raising the quality and professionalism of the management consultancy industry. To this end, a Technical Reference for management consultants has been developed as part of this initiative. This Technical Reference will empower SMEs with a better understanding of the consulting processes and become more discerning of the quality of consulting. More information about the implementation of this Technical Reference will be shared by SPRING Singapore in due course.

Conclusion

13. In conclusion, the road to transforming and growing sustainable businesses is hardly a sprint. It is a marathon requiring commitment, perseverance and the desire to outperform. I believe that our SMEs have the determination to succeed. On our part, the Government is committed to supporting and enabling our SMEs to develop the necessary capabilities for business transformation. The infrastructure and networks for higher productivity and innovation are there for you to tap on and climb up the ladder of success.

14. On this note, I wish you a fruitful Forum and wonderful success for your business ahead. Thank you.

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