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cc: (bcc: James KOH/MTI/SINGOV)  
Subject: (EMBARGOED) Speech by Dr Tan Chin Nam, 18 Sep 98, 10.30am

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**Speech by Dr Tan Chin Nam, Permanent Secretary, Ministry of Manpower**  
**At the NUS Convocation Ceremony for the Faculty of Arts and Social Sciences**  
**on Friday, 18 September 1998 at 10.30am**

Mr Pro-Chancellor,  
Graduates,  
Ladies and Gentlemen,

I would first like to congratulate all graduands here today on your achievements. May I also extend my congratulations to all parents here.

**A New Spin on the KBE – The “Blur” Economy**

In the past few months, there has been much talk about the knowledge-based economy, and what this will mean for Singapore.

Today, I would like to offer you a new spin on what the future may look like, by drawing on the work of renowned futurist and business guru Stan Davis. Davis recently published a book that describes in detail, the three forces that will shape the world’s future economic landscape. These are firstly, the force of Connectivity, which causes players in the global market to become so intimately connected that the boundaries between them become fuzzy and customers become sellers, products become services and services are the products; secondly, the force of Speed, which means that as businesses move faster and faster, things will change at a phenomenal pace; and lastly, the force and supremacy of “

Intangible Value”, which means that value will reside more and more in information and relationships, in things you cannot see and measure. This is another treatment of the idea of the “weightless” economy first brought up by DPM Dr Tony Tan a month ago.

So, with fuzzy boundaries, things changing very quickly, and with value residing in things you cannot see and measure, it is not surprising that Davis’ book is entitled “BLUR – The speed of change in the connected economy”. Of course in Singapore, “blur” has another connotation but that is another story altogether! Our sustained relevance and competitiveness, will depend on how well we can function, and thrive in a “blur” environment, which has at its core, the idea of Intangible Value. I would like to spend some time talking about how the dominance of Intangible Value will change the way we operate in the future, and then go on to comment on how we should respond to these forces to ensure our economic success.

### **Successful Harnessing of Intangible Value – The SIA Story**

One week ago, I attended SIA’s launch of its \$500 million total revamp of its cabin services.

It is no exaggeration to describe this upgrade as a revolution in that it has reset competition in air travel and transformed the way we view the air travel experience. First Class passengers will be greeted the minute they step out of their car at Terminal 2, Changi Airport, and escorted by Premium Service Staff wearing newly designed Pierre Balmain outfits to the new first class reception lounge, complete with sculptures and a waterfall, while the smiling staff handle the check-in procedures. This kerbside service is similar to what one gets when checking into a luxurious hotel. On board, each passenger will enjoy an atmosphere designed specially by James Park Associates, whose masterpieces can be found on the luxury Eastern and Orient Express. Each passenger will have his or her own 14-inch TV screen with VCR options, and Connolly leather seats which transform into a bed supported by a concealed air mattress which inflates to give a perfectly horizontal surface.

On top of this, fresh bed linen and a down-filled duvet are provided during a turndown service like in a top class hotel. Meal service will be available anytime when you need it with restaurant style service and ‘waiters’ and ‘waitresses’ outfitted by Pierre Balmain. For the Raffles

Class, the new cabin styling and service ware were designed by Givenchy. The new seating arrangements were based on a First Class design platform thus allowing more space per seat compared to any other airline in the equivalent business class. In addition, specially designed seats include power points for notebook computers, as in First Class. These new seats can also be raised or lowered to offer maximum comfort to passengers of all heights. Economy Class passengers can look forward to twenty-two video channels, free Nintendo games, a complementary movie snack box, movable headrests with *ears* so that passengers can relax on their back or on their side without falling asleep on each other, and even a free flow of champagne, which is certainly an industry first!

In addition, all three classes will savour dining standards previously unheard of in the skies, with gastronomic masterpieces described as World Gourmet Cuisine created by an International Culinary Panel. This includes *Buddha Jump Over the Wall* for First Class Passengers!

### **Lesson 1 - Intangible Value as the Basis for Differentiation & Competitive Advantage**

Don't get me wrong, I am not selling the SIA product, but what I am advocating, is the SIA lesson in orchestrating a tremendous value migration which has reset the rules of competition and re-established its overall leadership by a mile. In the past, when you say something is of good value, you simply mean that for the price you pay, you get more of the same product. This paradigm then changed to getting a better quality product, and now is about getting a product with better qualities of course, and also other intangible and emotive qualities.

Why do people pay so much for a Prada bag? It is the intangible value of branding apart from exceptional design and quality. Why do restaurateurs pay as much attention to the ambience of the restaurant as to the quality of the food? It is the intangible value of the total dining experience. What is a theme restaurant about? - A total multi-sensory experience! Likewise, when air travel first started out, passengers were happy that planes stayed in the sky for the duration of the journey. Then passengers wanted cheaper flights and fewer stopovers. But now, passengers are looking for that memorable travel *experience*, which is so much more than getting someone from A to B. Thus, the first lesson is that more and more, the dominance of Intangible Value will redefine the

basis for competitive advantage and enable greater product and service differentiation.

This also applies at the individual level. Especially during these difficult times, each of you must seek to differentiate yourselves by offering more than just your degree certificates. Intangible values that will add to your employability are a spirit of survival and resourcefulness, a desire to discover and learn continuously, the ability to think creatively, and a mindset of contribution and perseverance. Such qualities, in addition to the tangible competencies that you possess, are what will differentiate you from your peers to the employers. Each of you is unique and can add value in your own way and each of you must seek to develop differentiating qualities to constitute your own personal competitive advantage.

## **Lesson 2 – The Power of Good Ideas**

The second lesson we can learn is with regard to the power of a good idea or concept.

The word “idea” is rooted in ancient Greek, and in that context is taken to mean something akin to “the reality that you see in your mind”. Thus an “idea” is never *just* an idea, but is in fact a coherent and full vision of what reality could be. SIA took great pains to get their “ideas” right by seeking feedback from 4000 customers over 8 countries through a combination of focus group discussions, telephone interviews and in-flight surveys. What surfaced was that for First Class passengers, the central branding “idea” should be about luxury and prestige. Similarly in Raffles Class, the branding “idea” should embody an elegant and contemporary experience, and for Economy Class, an entertaining and relaxing experience. Thus, even though 100 engineers, technologists, builders, designers, culinary experts and marketers were involved in different aspects of SIA’s overhaul, their energies were guided by a common set of “ideas” on what the SIA experience should be, and what the SIA branding should communicate.

This meant that in First Class for example, every person on the team had to contribute towards creating the experience of luxury and prestige for passengers, whether it be in the burr wood and avonite marble trimmed dining table-tops, the Givenchy pyjama suits, the stylish logos designed by Batey Ads for all three repositioned cabins, or the quality of the wines and tableware. The second lesson we can learn is that while there is a

diversity of resources, expertise and opportunities available, good concepts and clear ideas are needed to harness these diverse energies for coherent and powerful value creation.

The success of Disney icons is another example of how the “idea” is so important. From Mickey Mouse to the Lion King, the underlying success of Walt Disney products lies in the integration of creative story telling, illustration, scripting, animation in other words imagineering supported by merchandising, marketing and distribution, and all aligned toward a common idea of re-creating the powerful Disney experience.

Again, a Simba toy lion is more appealing than another soft toy not because of the actual materials that go into it, but because of the whole spectrum of Intangible Value attached to Disney and the Lion King. This is what iconography is about. The same icon or intellectual property appearing in different forms, reaping benefits in each manifestation with the support of a huge machinery of sophisticated marketing and branding, which is fully in tune with both the tangible and emotive aspects of value creation.

### **Singapore’s Response – Develop Intangible Skills**

This brings me to the topic of what Singapore must do to thrive in the future economy where Intangible Value dominates, and where good ideas become increasingly important to harness diverse resources to create value. We have always said that people are our most important resource and this has never been more true.

What is evident is that we must possess both tangible as well as intangible skills to thrive. We must have the ability to perceive what customers truly desire; what it is about a character which can appeal to the emotions, that can make people laugh, cry, rejoice; what it is about a webpage that makes it attractive and engaging; how to innovate; and how to deal with the blurring of boundaries between art and technology, business and education, the list goes on.

### **The Role of the Arts in the Future Economy**

This is where the arts, whether it be the humanities, visual arts or performing arts, will derive a new significance as Singapore evolves into the knowledge age. The arts play an important role in nurturing

creativity, imagination and a bold spirit in our people. The arts are a reflection of the human life and its experiences and it nurtures the spirit of inquiry, reflection and expression, which is a foundation for appreciating Intangible Value and formulating new ideas.

Singapore has recognised this and the government is playing a proactive role in developing Singapore's creative and artistic manpower, so as to ensure the holistic development of our people. At the schools level, the Ministry of Education has highlighted the appreciation of aesthetics as one of the "Desired Outcomes of Education" as part of its "Thinking Schools, Learning Nation" project.

### **Significance of the Report of Committee to Upgrade LASALLE and NAFA**

Most recently, I had the privilege to chair a national committee to establish a total plan to upgrade and develop Singapore's artistic manpower.

The committee was originally tasked to upgrade the LASALLE-SIA College of the Arts (LASALLE) and the Nanyang Academy of Fine Arts (NAFA), but the final recommendations of the Committee which have been fully accepted by government, were much broader and bolder in significance. Deputy Prime Minister Dr Tony Tan described the Committee's recommendations and Government's acceptance of the report as "a landmark in the development of the arts and arts education in Singapore" and highlighted that "as Singapore moves to become a world city in the knowledge era, creative and artistic manpower will play an even more important role in enhancing the competitiveness of our nation and the vibrancy and vitality of our society".

As a result of the Committee's recommendations, LASALLE and NAFA students will receive the same level of funding as polytechnic students from next year onwards.

At the same time, LASALLE and NAFA will strive to develop and conduct degree programmes over a 5-year timeframe, with the degrees to be awarded eventually by NUS. LASALLE and NAFA will focus on teaching diploma level programmes in the visual and performing arts, and degree level programmes in the visual arts. Secondly, a new autonomous Institute of the Arts (ITA) will be established at NUS, to develop and conduct degree programmes in the performing arts, in about 3 years time. Thirdly, a tertiary Arts Education Council will be established to oversee the development of LASALLE, NAFA and the Institute of the Arts at NUS, to guide the development of three institutions towards world class standards and ensure the optimisation of resources and expertise.

The impact of the Committee's recommendations are wide and significant. Firstly, artistic manpower will be given the long awaited legitimacy and recognition which it merits.

This will contribute to making Singapore a vibrant and creative global city. Secondly, the new Institute of the Arts will contribute to making NUS a world-class and truly comprehensive university covering a full spectrum of disciplines. Thirdly, when all three institutions are up and running, LASALLE, NAFA, ITA and NUS students will all be able to take up courses at any of the other institutions on a modular and credit transfer basis. This will foster an environment of multi-disciplinary learning, interactive exploration and exposure to fuel the imagination, which in turn will play a major role in preparing our human talents for the challenges of the future. SIA's example of product and service revamp or value migration fully illustrates a total systems approach embracing multi-disciplinary integration, where arts, design and creativity have played a central role.

### **In Conclusion**

In conclusion, with the advent of the knowledge based economy, the appreciation of Intangible Value will become increasingly important. Each of us, must develop a sensitivity to Intangible Value in all its manifestations, and acquire the ability to generate strong and visionary ideas which can make a difference. By adopting a holistic development of our people, we will be able to harness the diversity of talents in our society. With a shared purpose, an appreciation of both tangible and

intangible values, through the process of continuous learning, we can seek to grow our human capital and thus evolve Singapore into a *Renaissance Nation in the Knowledge Age* which has the concepts, competencies and networks to prepare us for the leap into the next millennium.

As you join the working world, you will be the pathfinders in this new and challenging era. Entering the new millennium will be one of the greatest adventures of our time. Keep your ideas flowing always. I wish you success and happiness, as you begin your exciting journey.

Thank you.