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Subject: (EMBARGOED) Speech by Mr Chan Soo Sen, 19 Nov 99, 10.30 am

Singapore Government

PRESS RELEASE

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SPEECH BY MR CHAN SOO SEN, PARLIAMENTARY SECRETARY (PRIME MINISTER'S OFFICE &  
MINISTRY OF HEALTH) AT THE OFFICIAL LAUNCH OF THE NANYANG OPTICAL FRANCHISE CONCEPT  
ON FRIDAY, 19 NOV 1999 AT 10.30 AM AT THE EASTPOINT MALL ATRIUM, 3 SIMEI STREET 6  
(BESIDE SIMEI MRT STATION)

Distinguished Guests

Ladies and Gentlemen

Good Morning

I am very happy to join you today to launch the Nanyang Optical Franchise.  
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I hope that through franchising, Small and Medium-sized Enterprises (SMEs) could find a channel to achieve economies of scale, and business expansion.

The last few years have not been easy for SMEs. The regional financial crisis and recession have hit hard. Although the worst of the regional crisis is over, SMEs will face tougher challenges in our 21st century economy with emphasis on globalisation, skills and knowledge. In order to survive and flourish, companies need to experiment with new ideas and take risks with new markets. They also need to strengthen their capabilities and develop their people. Economies of scale become more important in this operational environment.

I must add it is not only the SMEs who need to aim for economies of scale. Multi-National Corporations (MNCs) have also been merging and forming business alliances. Recent merger of world-class banks, oil companies, information technology firms and automobile manufacturers are clear examples.

I know that many SMEs in Singapore are family-owned. Merger will mean a complete change in management culture and practice. This may not be easy to accept. Many franchises allow franchisees to enjoy economies of scale while largely retaining management control. With pragmatism, as well as some give and take, this may mean the best of both worlds for some SMEs.

Since 1992, the Singapore Productivity and Standards Board (PSB) has been actively promoting franchising as a means of raising productivity for local enterprises. To date, PSB has assisted some 80 franchises and economic groupings. They have, between them, recruited more than 1,300 members. A recent survey by the PSB indicated that about 80% of the franchisees reported improvement in sales since joining a franchise. Of these, 7 out of 10 reported improved profitability since becoming a franchisee.

PSB will continue to help franchisers develop their franchise concepts. They would be encouraged to develop franchises suited for the local as well as international markets. This would provide an opportunity for some of our SMEs to reach regional or even global standards. I hope some would become MNCs in due course.

PSB has just launched a Franchise Search website at <http://www.franchisearch.yellowpages.com.sg> two days ago. I hope the website will serve as a good communication medium to further promote understanding in franchising, and help potential franchisees search for their partners. I also hope it will contribute towards more rapid take-up of franchises.

The Nanyang Optical Franchise is the latest to be launched with PSB's assistance. It aims to make Singapore a regional hub for eye-care products and services that will be introduced in retail outlets as well as over the internet. Franchisees will receive a range of support services from the franchiser, including assistance in starting up, professional management support, staff recruitment and training, corporate advertising and promotion, bulk purchasing, as well as supply of exclusive products. Nanyang Optical Franchise has recruited two local franchisees.

Optical products have much potential for growth in the region. With greater urbanisation and rising living standard, demand for higher quality and more fashionable optical products will increase. The expansion will be greater in the emerging economies which will be recovering from the regional financial crisis in the new few years. Business opportunities will include manufacturing and supply of lenses, glass-frames, and other eye-care products. Training and upgrading of opticians will also be crucial.

These are areas where Singapore optical traders have advantages in the region. Through franchising, our optical traders can help their regional partners upgrade themselves. In the process, business opportunities would be created and the consumers would benefit. This is indeed a win-win situation for all.

Today's launch of the Nanyang Optical Franchise is another successful step in PSB's programme to promote franchising. For the optical traders, I hope the Nanyang Optical Franchise can lead to a first step towards greater business participation in our region. I wish you well.

Thank you.

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