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Singapore Government

PRESS RELEASE

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SPEECH BY MR TANG GUAN SENG, SENIOR PARLIAMENTARY SECRETARY FOR TRADE AND INDUSTRY AT "FRANCHISE DAY 2000" ORGANISED BY THE SINGAPORE PRODUCTIVITY AND STANDARDS BOARD ON WED, 8 MAR 2000, AT 9.00 AM, PSB AUDITORIUM, BUKIT MERAH

Distinguished Guests, Ladies and Gentlemen,
Good Morning.

1. I am pleased to join you this morning at "Franchise Day 2000". Our economy is showing strong signs of recovery, with GDP growth expected to reach 4.5% to 6.5% this year. However, the new millennium brings fresh challenges. With e-commerce, foreign retailers like Amazon.com can sell their products and services in Singapore easily, and through innovations in supply chain management, they can offer heavily discounted prices. These big corporations also have the advertising dollar to capture consumers' imagination. Such techno-savvy retailers pose a strong challenge to our local businesses.

2. In the face of such challenges, our local enterprises must find ways to leverage on one another to remain competitive. One effective way is franchising.

World Class Franchises

3. What is franchising about? Many Singaporeans will think of the aroma of Starbucks coffee or the door chime of 7-Eleven, which is “always close but never closed”. These franchises are associated with good services and high quality. They enjoy widespread recognition and represent some of today’s most well known global brand names.

4. Take the case of 7-Eleven. Founded in 1927, 7-Eleven has grown into the world’s largest operator of convenience stores. Its secret? Franchising. Through franchising, the 7-Eleven trademark has spread to more than 19,000 stores in more than 20 countries around the world, including Singapore. To maintain its leading edge, 7-Eleven invests heavily in promoting its brand name and puts a premium on upgrading its franchisees’ capabilities through the use of technology and training. 7-Eleven continuously explores new opportunities for innovation and development. This allows its outlets to maintain high standards of customer service, 24-hours a day, 365 days a year.

5. 7-Eleven is an example of the type of world-class franchises we hope to create here. The Productivity and Standards Board hopes to continue to promote franchising as a business model, and help franchises gain access to financing, use the Internet to match up franchisees with franchisors, and develop franchise capabilities. Our vision is to develop Singapore into a franchise hub.

Franchising in Singapore

6. PSB’s efforts to promote franchising as a growth strategy for SMEs to improve their business performance began as early as 1992. Since then, the number of franchisees who have been recruited by PSB-assisted franchises has grown to 464 in FY 98, and then doubled within the first half of FY 99 to 986.

7. Franchising has proven to be a successful business strategy, as results from a survey of the franchise industry last year show. 88% of franchisors preferred franchising to expanding through their own corporate outlets. 90% of them reported improved sales since franchising. Franchisees have also benefited from franchising. About two-thirds of franchisees preferred it to running their own businesses, while 77% enjoyed improved earnings since joining a franchise. These results are consistent with surveys conducted around the world. Franchising helps both franchisors and franchisees become more competitive.

8. By joining a franchise, small businesses gain quick access to technology, innovation and management expertise. Joint marketing enables franchisees to get more mileage out of their advertising dollar. Costs are also reduced with economies of scale. Franchising is a good way to help SMEs level up against the competition.

9. In Singapore, franchises can be found in a wide variety of trades, from education, childcare, food and retail, to cleaning services. A number have become household names, such as Informatics, Expressions, Calfarme and Melandas. There are close to 30 franchises taking part in the exhibition today. I urge you to visit their booths later to see how you can share in their success.

Singapore Franchise Mark

10. I am pleased to announce that PSB has joined hands with Singapore International Franchise Association, SIFA, to launch the Singapore Franchise Mark to give our local franchise industry an added boost. It is a certification scheme to recognise franchisors that have achieved commendable standards. The objectives of the Franchise Mark are threefold. One, to position Singapore as a Franchise Hub. Two, to raise the quality and standards of franchising. And three, to catalyse the growth of franchising in Singapore.

11. To qualify for the Franchise Mark, franchisors must meet the requirements in three areas. These are business practices, franchisor's capabilities, and business performance. The Mark will distinguish franchisors that have performed well in these key areas. Potential franchisees will be better able to evaluate franchises while consumers will get greater assurance of quality at the franchised outlets. This will foster a more vibrant and dynamic franchise sector.

12. I am pleased to present Franchise Mark certificates to the first batch of 11 franchisors today. These establishments are leading players in their respective trades. I am confident that they will be good ambassadors for the Franchise Mark. I congratulate them and encourage more franchisors to attain the Mark.

Other Areas of Collaboration

13. The Singapore Franchise Mark is one way in which local franchises can

distinguish themselves in their journey to world-class excellence. PSB is also working with TDB and SIFA on other programmes to help franchisors and franchisees to move ahead. These include workshops, franchise awards and events such as Global Franchising 2000. Global Franchising 2000 is a tradeshow featuring local and foreign franchises, and serves as a platform for them to meet and exchange business ideas and best practices.

14. SIFA also jointly organises franchise missions overseas with TDB and PSB. Through its many activities, it hopes to introduce innovative franchise concepts into Singapore. Over the next few years, we hope to see SIFA play an increasingly important role in shaping Singapore into a franchise hub.

15. Franchise Day 2000 marks the opening of a new chapter for franchising in Singapore. As we move into the network economy, franchising will take on added importance as a business strategy. I hope you will find today's programme exciting and useful. On this note, I declare Franchise Day 2000 open and wish all of you success in your business endeavours.

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