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SIPC 2014: Setting the Benchmark for Business Model Innovation and Productivity

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To achieve the 2-3% annual growth per annum in productivity in Singapore, SMEs should look at business model transformation, as some of the enterprise or even industry-level problems could be resolved by innovation in a company's revenue model, customer model or organisational model.

This was one of the key findings from one of SiPi's two national research and benchmarking studies, which shed light on productivity benchmarking results and drivers of business model innovation in Singapore. The research study on BMI was conducted by Murdoch University in partnership with Singapore Innovation and Productivity Institute (SiPi). It is the first of its kind and will provide a guide for companies seeking to transform their businesses.

The findings to be released at the Singapore Innovation & Productivity Conference (SIPC) 2014, a major initiative launched by Singapore Manufacturing Federation (SMF) to support the inaugural National Productivity Month. Organised by SiPi, a Centre of Excellence under SMF, SIPC 2014 provides an excellent platform for companies to share best practices and nurture a productivity mind set.

According to the first research study findings, there are six key drivers of Total Factor Productivity that are relevant to SMEs. These include: Technology and Capital Utilisation; Pay and Performance Management; Training, Development & Organisational Learning; Development of an Innovation Culture; Government Policy and Market Access, and Leadership & Management Quality. The study has further revealed the following issues faced by local SMEs:

- There is widespread concern across the sector that it has been unable to attract the next generation of leaders and managers to manufacturing.
- Low investment in training and skill development due to the perceived difficulty of releasing workers.
- SMEs rarely develop managers through short courses or formal training programs

- Employees do not have the discretion to develop new products or business processes
- SMEs reported that the quality of ITE and Polytechnic graduates was relatively higher than that of university graduates.
- The cost of business operations has increased in Singapore. SMEs surveyed have reported that increase in labour costs exceeds growth in labour productivity. While the increase in labour costs may be attributed to the tightening labour market, it is important to ensure that labour productivity tracks wages. *(For more comprehensive findings please refer to the Executive Summaries booklet.)*

The broad findings of the second national research study were also disclosed at SIPC. Conducted by Frost & Sullivan on Business Model Innovation, the study revealed that 92% of the manufacturing companies surveyed felt that they were in a very competitive business environment owing to rising costs and that along with productivity; they had to innovate to remain competitive.

Although Business Model Innovation is an emerging area, already more than 60% of companies surveyed felt it was relevant to their business. 46% of the companies surveyed indicated that there was an immediate need for their companies to look at BMI, with 67% of the companies expressing an interest in government support for BMI initiatives.

SMF believes in ‘innovation-led productivity’. Its Centre of Excellence, SiPi, has been providing invaluable expertise for companies to navigate their productivity journey. With the theme of “Transform to Perform”, SIPC 2014 provided an excellent platform for companies looking to transform their business models to achieve sustainable business growth and productivity gains.

Graced by Mr. S Iswaran, Minister, Prime Minister’s Office, Second Minister for Home Affairs and Trade & Industry, the two-day SIPC attracted more than 300 participants from the manufacturing sector and the wider business community. Some eight speakers comprising industrialists, academicians and researchers provided insights on organizational performance with management practices and business model innovation. In addition, winners of the inaugural SMF Business Model Innovation Award were also invited to share their success stories in a panel discussion.

“SMEs in Singapore are operating in an increasingly competitive and challenging environment. They need to be innovative in their business models to sustain operations and improve productivity. However, good business model and productivity initiatives often fail because of poor implementation. The studies on Business Model Innovation and productivity will provide useful and practical insights on how to apply productivity and innovation into the day-to-day business. The productivity benchmarking study will also provide a level of comparison for companies to see how they are doing among their peers,” said Mr Lam Joon Khoi, Secretary-General of SMF.

WDA-SMF Productivity and Innovation Awards

At SIPC 2014, the annual WDA-SMF Productivity and Innovation Awards were presented to nine companies that have achieved outstanding productivity gains. Amongst them, three companies are managed by second-generation business owners who recognise that productivity and innovation play crucial roles in sustaining competitiveness. *(Please refer to Annex 2 for quotes by the Award Gold winners, and Annex 3 for Factsheet on WSQ CPI Manager and SME QIANG respectively).*

The WDA-SMF Productivity and Innovation Awards is jointly organised by the Singapore Workforce Development Agency (WDA) and SMF. Now into its fourth year, the awards recognise companies’ efforts in raising productivity via two Singapore Workforce Skills Qualifications (WSQ) programmes – WSQ Certified Productivity & Innovation Manager (CPI Manager) and SME Quality Initiatives to Assist, Nurture and Grow (SME QIANG). These programmes help companies to build management capabilities and empower managers to implement productivity initiatives in their company. To date, more than 130 companies and 550 participants have benefitted from the programmes with encouraging enterprise-wide productivity improvements and positive business outcomes.

Mr Ng Cher Pong, Chief Executive of WDA, said: “We are heartened to see that more companies have embraced productivity-focused capability development programmes such as WSQ CPI Manager and SME QIANG. It is imperative for business owners to embrace productivity and innovation, especially in a tight labour market. We are glad that some of this year’s winners are second-generation owners who possess the foresight to steer their family businesses forward by

tapping on these WSQ productivity improvement programmes. We would strongly encourage other companies to do likewise.”

About Singapore Manufacturing Federation (SMF)

<http://www.smfederation.org.sg/>

Established since 1932, SMF represents the interest of the Singapore manufacturing community, driving its competitiveness and sustainable growth through serving industry-specific needs. Supported by 10 industry groups and 6 Centres of Excellence, SMF enhances the competitiveness of the industry by encouraging capacity development and capability building, innovation and productivity.

It provides opportunities for companies to collaborate, network; and to grow and expand both locally and internationally. Current membership stands at more than 3,000 corporate members ranging from SMEs to MNCs.

About Singapore Innovation & Productivity Institute (SiPi)

<http://www.sipi.org.sg>

SiPi is the national agency under SMF, funded by SPRING Singapore, that drives innovation and productivity in the manufacturing community in Singapore. SiPi’s vision is to be the leading driver of innovative thinking and best practices for manufacturing companies in Singapore. Its mission is to empower these manufacturing companies with the mindset and tools to achieve the highest level of innovation and productivity.

With a strong team of Lean Six Sigma black belt experts, SiPi aspires to steer industry development and collaborate closely with industries and local and overseas experts to develop tools, case studies and methodologies to help manufacturing companies embark on or enhance their innovation and productivity journey.

About Singapore Manufacturing Federation Centre for Corporate Learning (SMF CCL)

<http://www.smfccl.sg/>

As the preferred corporate training and development centre, SMF CCL reaches out to companies and individuals beyond the manufacturing industry, and conducts more than 200 training programmes and trains over 10,000 people annually. As an accredited Continuing Education and

Training (CET) Centre, SMF CCL established CET@SMF to facilitate job matching between employers and job seekers in the manufacturing and other related industries. SMF CCL actively collaborates with government agencies and has established training centres to deliver nationwide quality programmes.

About Singapore Workforce Development Agency (WDA)

<http://www.wda.gov.sg/>

The Singapore Workforce Development Agency (WDA) enhances the competitiveness of our workforce by encouraging workers to learn for life and advance with skills. In today's economy, most jobs require not just knowledge, but also skills. WDA collaborates with employers, industry associations, the Union and training organisations, to develop and strengthen the Continuing Education and Training system that is skills-based, open and accessible, as a mainstream pathway for all workers - young and older, from rank and file to professionals and executives - to upgrade and advance in their careers and lives. For more information, please visit <http://www.wda.gov.sg>.

For media enquiries, please contact:

Singapore Manufacturing Federation

Patricia Ang
Director
Corporate & Marketing Communications
Singapore Manufacturing Federation
DID: (65) 6826-3034
HP: 93628258
Email: patriciaang@smfederation.org.sg

Singapore Workforce Development Agency

Steven Ng
Principal Manager
Corporate & Marketing Communications
Singapore Workforce Development Agency
DID: (65) 6512-1241
HP: (65) 9850-3367
Email: steven_ng@wda.gov.sg

Kiki Zheng
Executive
Corporate Communications
Singapore Manufacturing Federation
DID: (65) 6826-3013
HP: 91509237
Email: kikizheng@smfederation.org.sg

Annex 1

SIPC 2014 Event Programme

	Day-1 Management Best Practices	Day-2 Business Model Innovation (BMI)
9.30am	Welcome Address by SMF President-Designate, Mr Douglas Foo, BBM	Modernising Mail: Transforming for a Digital Singapore by Dr Wolfgang Baier, Group CEO, Singapore Post Limited
9.40am	Opening Address by Guest-of-Honour, Mr. S. Iswaran Minister, Prime Minister’s Office; and Second Minister for Home Affairs & Second Minister for Trade and Industry	
9.50am	Opening Ceremony for SIPC 2014 and MSE 2014	
10.00am	WDA-SMF Productivity & Innovation Awards 2014	Disruptive Technology Innovations and Business Models by Prof Hang Chang Chieh, Executive Director, Institute
10.30am	Morning Tea Break	
11.00am	Keynote: The Sakae Story by Mr Douglas Foo, Chairman, Sakae	Helping Innovators Clear a Better Path to Innovation
11.30am	Holdings and SMF Deputy President	Speaker Engagement with Audience
12.00pm	Lunch	
1.30pm	Benchmarking Productivity and Innovation	Transformation through Business Model

	Practices in Singapore SMEs: Preliminary Results	Innovation: Driving growth and productivity in Singapore Manufacturing companies
2.15pm	Yokogawa's World-Class Manufacturing Journey by Dr Lai Ah Keow, President, Yokogawa	Showcase of Successful BMI in Local SMEs by SMF Business Model Innovation Award Recipients
2.45pm	Innovating to Zero! by Mr Tay Woon Teck, Managing Director, RSM Ethos Pte Ltd	Exploiting Technology for Business Transformation by Mr Liau Eng Soon, Director of the Science and Engineering Council (SERC), Agency for Science, Technology and Research
3.15pm	Afternoon Tea Break	
3.45pm	Panel Discussion + Engagement with Audience	
4.30pm	Distribution of the National Study Projects' Executive Summary to Audience	
4.45pm	End-of-Day Casual Networking	

Annex 2

**QUOTES FROM WDA-SMF PRODUCTIVITY & INNOVATION AWARDS 2014
GOLD WINNERS**

WSQ CPI Manager Gold Winner – Kraus & Naimer Pte Ltd

Gold winner from the WSQ CPI Manager category, Kraus & Naimer Pte Ltd, manufactures cam switches, switch disconnectors, push buttons and pilot lights. Kraus & Naimer worked on increasing labour efficiency and better communication within departments. Through WSQ CPI Manager, Kraus & Naimer's Labour Efficiency improved by 36% and Sales Order Turnaround cycle time improved by 29%. In addition, the programme has been beneficial in assisting its staff to monitor and track production results systematically and to optimise usage of existing resources.

Ms Helen Tanuwijaya, Manager, Kraus & Naimer Pte Ltd, attributed the success to its management and said: "Our Managing Director is very supportive and always thinking of upgrading for individual and office facilities. Under my MD's encouragement, I took up many short courses such as E-Commerce and Thinking Hat and also a Higher Diploma in Management."

SME QIANG Gold Winner – Wah & Hua Pte Ltd

Gold winner from the SME QIANG category, Wah & Hua Pte Ltd, provides multi-material recycling and waste management services. They have identified long man-hours in sorting time as one of the key area for improvement. Through SME QIANG, their productivity improved and the product sorting system helped to reduce idle time from 40% to 7%.

"Our employees have benefitted greatly from SME QIANG as they managed to apply their newly-acquired skills at their workplace. Continuous learning and upgrading is very important and we send staff for training which are relevant for them. After the training, they have to teach the rest and be 'trainer of the month' so that they share their newfound knowledge with colleagues," said Ms Melissa Tan, General Manager, Wah & Hua Pte Ltd.

ANNEX 3

BACKGROUND ON WSQ CERTIFIED PRODUCTIVITY & INNOVATION MANAGER (CPI MANAGER) & OTHERS

Background

In conjunction with the national productivity drive to raise productivity growth by 2 to 3 percent over the next ten years, there is a need to initiate more training interventions that encompass continuous improvement, business process re-engineering and lean six sigma methodology that could help companies improve their operational efficiency and productivity.

To meet this objective, the Singapore Workforce Development Agency (WDA) and Singapore Manufacturing Federation Centre for Corporate Learning (SMF CCL) jointly developed the Singapore Workforce Skills Qualifications (WSQ) Certified Productivity & Innovation Manager (CPI Manager) qualification under Generic Manufacturing Skills (GMS) WSQ framework. Through this programme, participants are trained to become change agents or Productivity Champions in their respective companies to increase productivity.

Course Outline

The WSQ Certified Productivity & Innovation Manager (CPI Manager) is designed for key personnel identified by their organisations to be trained and developed as Productivity Champions or change agents within companies to implement productivity and business innovation tools and initiatives at the enterprise level.

Other than core competency-based training in 5S, Quality Systems, Lean Six Sigma and Business Process Reengineering, participants will be able to apply and contextualise the acquired skills and knowledge from WSQ CPI Manager in an Enterprise Productivity Improvement Project (EPIP) back at their respective organisations.

WSQ CPI Manager also incorporates a mentorship component critical in ensuring the success of the EPIP. Productivity Coaches will be attached to participating companies to implement strategies to raise productivity levels. These will include re-engineering of specific business or manufacturing processes such as operations management, order fulfilment, logistics and warehousing, supply chain management, customer service management amongst others.

About Lean Six Sigma

Lean Six Sigma is an integrated set of methodologies that encompasses both Lean and Six Sigma concepts. It combines two powerful approaches to provide the tools necessary to address all aspects of quality, cost, and delivery. Lean focuses on providing products and services at competitive prices by eliminating waste and its drivers, whereas Six Sigma focuses on minimising and reducing process variations that lead to defects. Lean Six Sigma integrates traditional Six Sigma thinking and methods with Lean thinking and approaches to allow organisations to achieve value more quickly at the lowest possible cost while aligning processes with customers. This module is referenced from the Association of Operations Management (APICS) Lean Six Sigma module.

About Business Process Re-engineering (BPR)

BPR is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, service and speed. BPR advocates that enterprises go back to the basics and re-examine their very roots and aim for total reinvention. BPR focuses on processes and not on tasks, jobs or people. It endeavours to redesign the strategic and value added processes that transcend organisational boundaries.

Target audience

The WSQ Certified Productivity & Innovation Manager (CPI Manager) is targeted at Professionals, Managers and Executives (PMEs) in any sector who are identified to be Productivity Champions or change agents by their companies to review business process improvements to increase productivity.

SME QUALITY INITIATIVES TO ASSIST, NURTURE AND GROW (SME QIANG)

Background

SME QIANG (Quality Initiatives to Assist, Nurture and Grow) is a jointly developed training programme by the Singapore Workforce Development Agency (WDA) and the Singapore Manufacturing Federation Centre for Corporate Learning (SMF CCL).

It is modelled after the successful WSQ Certified Productivity and Innovation Manager (CPI Manager) programme, and is an effective training solution to enhance productivity in SMEs. Taking into consideration the constraints of small workforce and infrastructure limitations, the training programme is structured to cushion impact to SMEs' daily operations while addressing the specific challenges of optimising output through productivity enhancements.