

# SME BUSINESS STRATEGY NEWS

**How to make full use of Government Body Programme to help Local Enterprises (SMEs) grow ... Sometimes outsourcing works best ... as it already did for an Singapore Local Firm!!!**  
**– Another Successful Case.**

*More Financial help for Small and Medium Enterprises (SMEs) to ride out Economies crisis and face a New International Environment by using Local Enterprise Technical Scheme (LETAS) and The Various Kinds of Loan, Programme provided from SPRING Singapore, Major Banks and Financial Institution etc. to fulfill your Corporate Strategies under “The New SMEs Financing Environment.”*

*Did you delay Your Business Plans in changing, upgrading of needs or hesitated in accepting major Project, Sales Order etc. just for The Fear of Cash Flow Difficulties?*

## National Plans

- SME 21
- Retail 21
- ProAct 21



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## **What is SME 21?**

SME 21 is a 10-year strategic plan aimed at building up the capabilities of SMEs so as to enhance their contribution to Singapore competitiveness and economic growth.

The three major outcomes of SME 21 for the year 2010 are :

- Doubling of productivity of the retail sector from \$28,000 to \$56,000.
- Trebling of local SMEs with sales turnover of \$10 million and above from 2000 to 6000.
- Quadrupling of local SMEs with e-commerce transactions from 8,000 to 32,000.

## **Why SME 21 is importance?**

Local SMEs are an important part of the Singapore econmy. They comprise 92% of the total establishments, employ 51% of the workforce and generate 34% of the total value added. However, their productivity is only about half of the non-SME establishments.

The large number of low-productivity SMEs co-exists with a small number of more productive large, local enterprises and foreign MNCs. The key economic challenge is to manage this dualistic structure such that all enterprises can contribute to the growth of the economy. This requires that a concerted effort be taken to assist SMEs keep pace with the rest of the economy. SME 21 is intended to do this and hence a critical part of the national plan to sustain Singapore's economic growth.

## **Challenges and Opportunities**

**SMEs face structural weaknesses, which lead to their poor productivity performance.**

**These include:**

- Weak entrepreneurial culture
- Insufficient management know-how and professionalism
- Shortage of professional and technical manpower
- Insufficient use of technology (IT)
- Outmoded, unproductive methods of operation
- Limited ability to tap economies of scale
- Small domestic market

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**Retail 21** is a 10-year strategic plan that sets out the new strategies for growth and expansion of the retail sector in Singapore. SPRING Singapore spearheaded the development of the plan, together with more than 60 people from the retail and related industries and government agencies. The Retail 21 plan was launched in March 2001.

The overall vision of Retail 21 is to be a world-class center of retail excellence. This vision supports the SME 21 vision of a doubling impact on the productivity level of the retail sector in Singapore.

**Under Retail 21, four strategic thrusts have been formulated to upgrade the retail sector :**

- Re-invent the retail sector by encouraging retailers to be more innovative and adopt new retail concepts and business models.
- Raise retail standards in terms of professionalism and service excellence to achieve high level of customer satisfaction.
- Enhance retail efficiency along the retail value chain by taking a cluster development approach.
- Manage the restructuring of the HDB retail sub-sector by converting excess space in HDB estates to non-retail uses.

## **ProAct 21: A New Plan for the New Economy**

The vision of ProAct 21 is for Singapore to become a knowledge-based economy deriving its competitive edge from productivity through three strategic outcomes.

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- **People for Jobs, Jobs for People:** A work force equipped with the right mindset and the right skill ensures that the manpower requirements of industry are met. Their skills, which also include the skills to acquire further skills to keep pace with technological change, enable them to be employed and remain employable.
- **Business for the Future, A Future for Business:** Businesses with the right connections and human, managerial and technological capabilities are in the right position to seize new opportunities. Strong industries and world-class organizations, together with revitalized old industries and small and medium enterprises (SMEs), underpin economic growth. The strong economy, in turn, provides a favourable environment for businesses to thrive.
- **Innovation in Place, A Place for Innovation:** A culture for innovation is facilitated through the continual effort to fine-tune regulations and institutions that have a bearing on the innovation capacity of organizations and the workforce.

## “A Real Life Story” :



**Kevin Tan Thiam Hua**, founder of CityHome Renovation Pte Ltd and group of companies. A young entrepreneur in early 30s, he wants to differentiate their business to remain competitive in the industry

(A Design and Renovation Firm).

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## ***City Home Renovation Pte Ltd***

Operating since: 2003

No of employees: 05

SPRING Singapore Grant: LETAS

Application No.: G2005/00562

SPRING Singapore SMEs Loan:

SME Access Loan

Micro Loan (V-LOAN)

Sector: Interior Design & Renovation

The ultimate business aim is to help clients achieve their dream home without busting their budget. However, the is not all! They also aim to value-add by making the entire renovations process a good experience for its clients. To make the job more easy for the clients to request for home renovations quotations and a simple online questionnaire to help clients understand the home renovation process.

With Clear Objectives & Strategies, They came up with the following:

- To Develop a system and solution that is able to improve all their Sales, Inventory, Purchasing, Customer Information Management (CRM), Basic Accounting Management; Profits & Loss etc. and most of all the Management Report so as to ensure the efficiency of their business running ahead. The system is not just designed for current existing firm. The system still can work properly even if more firms are set up in future.
- Develop a system that analyses clients' personality and proposes the appropriate design style.
- Upgrade City Home's existing website to make it more informative and interactive, hence more useful to existing and potential clients. (Chat room & forum)
- Develop web contents that will help educate existing and potential clients on the home renovation process.
- Upgrade and renovate City Home's existing showroom to display the latest design trends.
- Strengthen City Home's marketing approach and branding.
- Establish reserve funds so that City Home has the financial resources to quickly act on new strategies in response to customer needs and new market trends.

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*“This massive project requires manpower, time and finance so on. However, the entire City Home team is too busy servicing clients, and cash flow is commonly tight in this industry. After weighing the costs and benefits etc. City Home decided to engage a SME Consultant for the entire project.”*

## **They worked out with The Consultant what to do:**

- They out come with e-Seamless Work Integrated Solutions System (SWISS), from business process planning through IT implementation.
- Marketing and “Branding” Research etc.
- To seek help acquire the necessary funds through LETAS and various kinds of SME Access Loan provided under SPRING Singapore SMEs programme etc.
- To seek for Banks Facility like Unsecured-Over-Draft, Short & Medium Terms Loan so on etc. too.
- Business Direction, Manpower Consultancy and Various kinds of Business Solutions.

## **\* Apart from Track Records, They also looked for the following**

### **Qualities in a Good Consultant:**

- Familiarity with fund acquisition process. This is important for minimal distraction and disruption to City Home’s daily operations and business.
- Confidence in acquiring funds.
- Extent and depth of expertise to manage The Entire Project. This is so that City Home need only deal with one Services Provider.

**All The Management Term Members set aside some time to meet and discuss the project with several consultancies. In the end, they engaged the consultant they felt “Most Confident and Comfortable working with.”**

(\*Mean: Very Importance)

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## INTRASPHERE INTERNATIONAL GROUP

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*OWNER: "The decision to spend the money to engage a consultant paid off. **The SME Consultant** will take care of everything's we need & to note. This also includes giving Profession Business Advise & Direction, not mentioning high-lighting importance points that maybe overlooked by an all of SMEs. For instance, in applying for LETAS and various kind of SME Access Loan Programme, the consultant took care of compiling all the requirements and documentation – personal guarantees, collaterals, business plans, etc. All that the City Home team had to do was to handover the documents or information to the consultant as and when the latter requested for them. **SPRING Singapore and The Banks** approved City Home's applications for the LETAS grant and the several of SME Access Loan & facility within a short time of application submitted. Free of hassle, City Home was able to focus on servicing customers while the future competitive edge of its business was being taken care of."*

Business process revamp is now full-steam underway.

## How engaging a consultant had helped...

- Financial resources were quickly obtained because of their familiarity with applying for government schemes and bank etc.
- Freed City Home from administrative concerns.
- Stressing importance points needed in the whole process etc.
- Allowed City Home to focus on current business operations and servicing clients.