

## **Heartland Retailers Take Steps to Upgrade and Raise Productivity**

*Small and micro enterprises implemented productivity initiatives to improve business*

1. As the Singapore economy restructures, companies need to upgrade their capabilities and transform their businesses to cope with the challenges of a tight labour market and high business costs. Small and micro enterprises are no exception, and also need to upgrade themselves to cope with the evolving business environment.
2. Minister of State for Trade and Industry Teo Ser Luck visited two heartland retailers - Ta Zhiang Trading Pte Ltd and Kai Joo Hung Optical and Watches today, to find out how they have increased their productivity and upgraded their businesses through government support, with help from the SME Centre.
3. As of 2012, there are about 15,600 enterprises in the retail industry, out of which about 86% are micro enterprises<sup>1</sup>.
4. Mr Teo Ser Luck said, "The retail industry is highly competitive. To survive and remain profitable, retailers must continuously upgrade and look at how they can attract more customers and grow their businesses. Ta Zhiang and Kai Joo Hung are good examples of heartland retailers that have taken that first step by approaching the SME Centres to seek ways to overcome their challenges. By adopting technology and implementing customer centric initiatives, they have improved their topline and raised their productivity. We encourage more small and micro enterprises to do the same."

### **Upgrading their Businesses**

5. Kai Joo Hung Optical and Watches is a retailer for optical products and watches, and was established in 1982. Over the last few years, many optical shops had sprung up in the vicinity and Kai Joo Hung struggled to keep up with the stiff competition. The company also faced manpower issues due to high staff turnover and there was a constant need to upgrade employees' skills to deliver quality customer service.
6. Mr Lee Kai Hwa, founder of Kai Joo Hung, found out about the SME Centre's services during an outreach session conducted by the SME Centre@NorthEast. The business advisor from the SME Centre followed up with Mr Lee to help him understand the challenges that his business was facing. With the help of funding from the Productivity Innovation Credit (PIC), Mr Lee purchased a new set of eye-testing and eye health-check equipment which helped to expand their range of valued-added services. Mr Lee is now an advocate of the SME Centres and has been encouraging his fellow merchants to seek business advice too.

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<sup>1</sup> Source: DOS, 2012e. Retail Trade excluding motor vehicles & petrol service stations. Micro enterprises refer to enterprises with annual turnover of not more than \$1 million

7. Ta Zhiang is a traditional, family-run business that sells fashion accessories. It has been around since 1998 and currently has 12 outlets around Singapore. As the business grew, it could no longer rely on manual processes to track inventory and sales. Staff morale was also low due to lack of proper appraisals and limited career advancement. The service standards were also on the decline, which was affecting the company's sales performance.

8. Mr Ng Chun Wing, the second generation boss, knew that the company needed a makeover in all aspects of their business to remain competitive and profitable. Through a PIC training session at the North East Community Development Council (CDC), Mr Ng came to know of SME Centre@NorthEast's services and started seeking advice from the business consultants. Since then, he has implemented an E-appraisal system, as well as put in place tailored HR management practices to enhance the work environment and develop his employees. With the help of iSPRINT, the company has also upgraded its point-of-sales systems in all outlets.

9. Mr Ng said, "Heartland enterprises like ours are very susceptible to competition and rising costs. To survive, we need to constantly examine how we can do things better. The SME Centre has been a great help for us to kick-start changes and in recommending government support programmes that we can tap on. I strongly believe that with continuous improvements, my company can make the shift towards a more organised and growth-oriented business model. As a next step, we are considering applying for the Innovation and Capability Voucher (ICV) to maximise space utilisation for our retail outlets."

### **Continued Government Support to Help SMEs Transform**

10. The Government will continue to provide strong support for SMEs and micro SMEs to transform and upgrade their businesses. Businesses also need to play their part by upgrading and building capabilities, innovation and improving productivity. As a first step, businesses can approach any of the SME Centres set up across Singapore, to get free business advisory services. Satellite SME Centre@NorthEast is part of the network of 12 SME Centres, comprising five main centres and seven satellite centres.

**MINISTRY OF TRADE AND INDUSTRY**  
**24 APRIL 2014**