



## Articles & Commentaries



### p-Leader — SPRING Singapore



by Loh Khum Yean, Chief Executive, SPRING Singapore

#### Growing competitive and innovative enterprises

At SPRING, our aim is to grow competitive, innovative enterprises. This supports Singapore's aim to be a leading global city of talent and innovation.

#### Small enterprises, big business

Small enterprises mean big business for Singapore. While they may not be international brand names yet, Singapore's 148,000 SMEs employ six of every 10 workers and account for nearly half of total value added in the economy. The SME sector has grown by an average 7.4% per annum over the past five years. This growth did not just happen by chance. It is a reflection of the passion and enterprising spirit of our SMEs, coupled with the efforts of Singapore to create and maintain a probusiness environment to allow enterprises to grow and flourish. At SPRING, we contribute to this growth by addressing the needs of SMEs in four dimensions: money, markets, management, and know-how.

#### Money: access to funding

Access to capital is one critical area for SMEs that are growing their capabilities and business. In Singapore, SME financing is addressed primarily by the market, while the government seeks to ensure a robust, orderly, competitive financial sector. However, the government plays a role in catalyzing new financing solutions for SMEs, often by sharing the credit risk. Through a network of 14 partner banks and financial institutions, SPRING lends some S\$600–700 million annually to more than 5,000 SMEs to finance their growth under the Local Enterprise Finance Scheme (LEFS) and Loan Insurance Scheme (LIS). LEFS is a fixed interest-rate financing program designed to encourage and assist local enterprises to modernize and upgrade their operations, while LIS provides partner banks and financial institutions with more flexibility to offer SMEs loan facilities that are insured against default. Under LIS, the government shares the insurance premium with SMEs, with the insurance covering 75% of the risk of loan defaults.

In addition, SPRING also provides equity cofunding for promising start-ups. The Startup Enterprise Development Scheme provides innovative Singapore-based

start-ups a matching dollar for every dollar an investor puts into the business, for up to S\$300,000.

### **Markets: staying local, going global**

Increasingly, SMEs are finding it necessary to extend their footprints overseas to grow their businesses and tap emerging markets. To help enterprises and companies comply with technical regulations and standards for export, SPRING set up the Export Technical Assistance Centre (ETAC) in October 2006. Since then, ETAC has provided valuable information and technical guidance to SMEs that want to export standard-compliant products. Together with public- and private-sector partners, several online initiatives to help SMEs gain market access were made available.

For example, the EnterpriseOne Business Information Service was launched in 2007 to equip SMEs with the necessary knowledge of overseas markets. It provides a suite of business information services including the latest industry updates and research reports, focused industry workshops, and other business information resources through the guidance of dedicated infoconsultants. The Singapore Business Federation Global Sourcing Hub is a one-stop sourcing e-platform offering SMEs the gateway to local and overseas opportunities. Buyers are able to create requests for quotations and tenders online, select suppliers from the directory, and alert the latter to respond to their requests.

BuySingapore is an online business-matching portal that allows Singapore-based enterprises to connect with overseas buyers or sellers and vice versa. A sister agency, International Enterprise (IE) Singapore, has an iAdvisory service that provides a Web-based platform for companies to seek export assistance and information from qualified international advisers.

IE Singapore's International Partners or iPartners Programme also encourages like-minded companies to band together to venture abroad to complement each other's product offerings, achieve economies of scale, reduce time to market, and pursue bigger projects. SMEs can also enjoy benefits arising from the free trade agreements (FTAs) Singapore has concluded with major economies like the USA, Japan, People's Republic of China, India, and ASEAN. Through various FTA guides and assistance packages, SMEs are tapping FTAs as a strategic market access instrument to gain a competitive edge when negotiating and closing deals overseas.

### **Management: world-class managers for world-class businesses**

Poor management is often a stumbling block to SMEs' sustained growth. In a 2007 survey, Singapore-based SMEs identified leadership training, team building, marketing and promotion, and business planning as key areas that needed more professional development. To equip SMEs with talented managers, SPRING is investing S\$60 million in a Business Leaders Initiative (BLI) to create a pipeline of 1,000 trained SME bosses, senior executives, and aspiring executives. The BLI programs are targeted at three different groups of learners. The first are outstanding students who have demonstrated strong leadership capabilities, passion, and the drive to run their own businesses in the future. They will be offered the Executive Development Scholarships (EDS) to pursue undergraduate studies at any of Singapore's three specified local universities. Successful EDS graduates will be encouraged to join a growth-oriented SME or set up their own businesses upon completion of the bond.

The second are existing management staff of SMEs. They will be supported by Management Development Scholarships to upgrade their business management expertise to meet the challenges of a globalized economy. Customized postgraduate and executive development courses that focus on the business management needs of SMEs will be provided by local universities.

The third are business owners and top executives of SMEs. They will be supported by the Advanced Management Programme to take up postgraduate and executive development courses at leading local universities that focus on enhancing SME management and leadership skills and will put them in a good position to take on the challenges of the dynamic global marketplace.

### **Know-how: here's a TIP (knowledge means profits)**

Innovation is essential for product differentiation in a highly competitive market but adopting new technology is still a challenge for resource-strapped SMEs. In August 2006, SPRING launched the S\$150 million Technology Innovation Programme (TIP) to cofund technology innovation projects by SMEs and strengthen infrastructure such as the Centres of Innovation (COIs).

SMEs that undertake such technology projects can apply for TIP grants, which support up to 50% of qualifying costs. Some 80 companies have already embarked on technology projects, and another 26 have engaged technical experts, both local and overseas, to build up in-house R&D capabilities.

TIP also supports the setting up of COIs for industry clusters that require focused technology support. As a result of such efforts, food manufacturing SMEs in Singapore can now utilize the Food Innovation and Resource Centre at Singapore Polytechnic launched last year to develop innovative packaging or extend product shelf life. More COIs have also been set up for SMEs in other industries, e.g., marine and offshore engineering, environmental technology, and precision engineering.

Through the specific efforts of SPRING described above, complemented by a general pro-enterprise environment, we seek to grow a robust, ongoing pipeline of competitive, innovative Singapore-based enterprises that will generate wealth and good jobs for the country.



[Back to list](#)

---

To top of page