

Productivity-led Growth is Key to Sustaining Business Competitiveness

The Soup Spoon's productivity journey to improve business efficiency

1. Minister of State for Trade and Industry Mr Teo Ser Luck visited The Soup Spoon (TSS)'s outlet at Marina Bay Link Mall today to learn about the various productivity initiatives adopted by TSS to improve workflow and streamline business operations.
2. Commenting on the visit, MOS Teo said, "The Soup Spoon is a good example of a company which enhances business competitiveness through improvement of productivity. They have expanded their capabilities through the pursuit of process innovations and technology upgrading. This has, in turn, led to higher product and service quality, which are key ingredients to business success."
3. The visit included a showcase of TSS' counter area which was re-designed to optimise workflow and service delivery. Customers' waiting time has been effectively reduced by 33% as a result of this new workflow. The functions of TSS' central kitchen were also highlighted to demonstrate how food preparation is streamlined at the retail store. The centralisation of soup production has contributed to significant cost savings of 66%, in terms of kitchen equipment investment in the retail store. In addition, the kitchen size in each retail store is reduced by 66%, providing more space to TSS for other revenue-generating activities.
4. TSS also demonstrated how the company has adopted automation and technologies to improve productivity. For example, TSS's use of the Optimised Workforce Management System (OWMS) enables efficient allocation of manpower by demand and optimal deployment of staff. This has helped TSS achieve manpower savings of up to 3% weekly.
5. In addition, TSS leveraged SPRING's Part-time Pool programme for better flexibility in work arrangements. The proportion of part-timers in TSS has doubled from 30% in 2010 to 60% to-date. This has helped the company cope with manpower shortages.
6. "The Soup Spoon has been continuously innovating and leveraging on technology as part of our productivity efforts to mitigate the uncertain economic conditions and overcome rising business costs. Embarking on this productivity journey has not only helped us to achieve operational excellence and workforce optimisation, it has also helped us create a differentiated customer experience," said Mr Andrew Chan, Managing Director of The Soup Spoon.

Helping SMEs Grow their Businesses

7. The Government will continue to support SMEs' efforts to innovate, boost capabilities and improve productivity during this economic transformation. As part of a review on the existing development strategies for the SME sector, the Government will focus on three broad areas to create a productive, competitive and vibrant SME sector, as well as provide a source of meaningful jobs for Singaporeans. The first focus area will involve helping SMEs drive productivity, innovation and capabilities upgrading. SMEs can also look forward to support in seizing growth opportunities locally and abroad. The Government will also work towards creating a conducive business environment for SMEs. The specific recommendations and initiatives are being finalised, and will be announced in the upcoming Budget and Committee of Supply debate.

8. Please refer to Annex A for an Overview of the Food Services Industry.

MINISTRY OF TRADE AND INDUSTRY
18 February 2013

Annex A

Overview of the Food Services Industry

The Food Services industry plays a vital role in Singapore's economy. It supports tourism and Singapore's brand as a global cosmopolitan city. As at end 2011¹, the food services industry comprised 6,453 establishments employing 101,581 workers (3% of Singapore's employment). It contributed S\$7.1 billion in operating receipts (a rise of 12.1% over the previous year) and S\$2.4 billion in Value-Added (0.7% of GDP).

In a bid to increase productivity for the Food Services Industry, a Food Services Productivity Plan, endorsed by the National Productivity and Continuing Education Council (NPCEC) in 2010, was launched in April 2011, with a budget of S\$75 million².

The plan incorporated five strategies, developed in consultation with the industry, to address productivity challenges and sector-wide structural issues. They are:

- (i) Drive process re-design,
- (ii) Upgrade manpower and human resource capabilities,
- (iii) Promote innovation,
- (iv) Develop infrastructural support and expertise, and
- (v) Create awareness.

¹ Source: DOS 2011 Economic Survey Series; Reference Year 2011; Food & Beverage Services Industry

² Proposed budget comprised of S\$53.2 million from NPF and S\$22 million from SPRING's Enterprise Development Fund.