

SME Boosts Productivity and Reaps Benefits through Capability Upgrading

Baker's Oven Patisseries' productivity initiatives helped to overcome space constraints and manpower challenges

1. The Government will continuously help small and medium enterprises (SMEs) intensify their efforts to improve productivity and restructure. Minister of State for Trade and Industry Teo Ser Luck visited Baker's Oven Patisseries' factory at Food Xchange@Admiralty today, to learn how it has benefitted from the wide range of government assistance schemes and raised its productivity to achieve growth.
2. During the visit, Baker's Oven shared how it has taken the first step to improve productivity. With the support from SPRING Singapore's Capability Development Grant (CDG), the company installed a fully automated turnkey line that helped to reduce its manpower needs, improve product quality and revenue growth. This also led to increased business efficiency, new business opportunities and growth for the bakery.
3. Mr Teo said, "There is a comprehensive range of assistance schemes to help our companies, especially SMEs, to improve productivity and move up the value chain. Baker's Oven is a good example of a SME that has proactively tapped on the schemes to overcome the limitations of size and reaped benefits. We encourage more companies to step forward to utilise the various assistance schemes. At the same time, we will do more to reach out to the SMEs and help them find ways to manage the challenges that they are facing."

Baker's Oven Productivity Journey

4. Established in 1998, Baker's Oven is one of Singapore's leading manufacturers and wholesale suppliers of frozen bakery products. Baker's Oven has been steadily building up strong capabilities in manufacturing and automation with the support of assistance schemes from government agencies like SPRING Singapore.
5. In 2010, Baker's Oven embarked on a productivity enhancement project, by installing a turnkey line which integrated various types of bakery equipment for laminating, depositing, forming and panning, into a single fully automated production line for the production of frozen dough and pies. The turnkey line successfully reduced the company's manpower requirements by almost 50 per cent from 16 workers to 9 workers, allowing Baker's Oven to redeploy the workers to work on other products like cakes and bread.
6. Through the productivity enhancement project, Baker's Oven was also able to reap the benefits of revenue growth through cost savings and the doubling of overall production output from 20,000 units to 40,000 units. For

example, the space optimisation study enabled the company to relocate the finished products in situ which yielded cost savings of \$5,500 per month, and better customer satisfaction with the fresher products.

7. “Like other SMEs, we face challenges in manpower and costs. Despite those, Baker’s Oven has continued to innovate by investing in automation and raising productivity as we believe that continuous improvement is imperative for SMEs like us to stay ahead of competition. Embarking on this productivity journey has enabled us to stay on top of manpower challenges and to achieve greater efficiency and business growth,” said Mr Jason Ng, Managing Director of Baker’s Oven Patisseries.

Government Remains Committed to Help SMEs Grow their Businesses

8. SMEs must continue to grow and remain relevant in an evolving business environment. While the Government continues to work closely with the business community to strengthen the SME sector, SMEs must also intensify their efforts to transform their business model, raise productivity, build capabilities and engage in higher-value activities.

9. To better support our SMEs, Mr Teo Ser Luck will be leading a workgroup to strengthen engagement with and seek feedback on government policies pertaining to the local business community. More details on the workgroup will be released shortly.

Please refer to [Annex A](#) for an Overview of the Food Manufacturing Industry.

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Annex A

Overview of the Food Manufacturing Industry

The Food Manufacturing industry is diverse and comprises 813 companies which are dominated mainly by small and medium establishments. In 2011¹, the industry employed some 26,653 workers and contributed significantly to the Singapore economy with a total output of \$8.4 billion. 56.7% of the output generated was catered for the export market and Singapore's food manufacturing exports grew to \$4.5 billion in the same year².

In a bid to increase productivity for the Food Manufacturing industry, a five-year Food Manufacturing Productivity Plan, endorsed by the National Productivity and Continuing Education Council (NPCEC) in May 2011, was launched by Senior Minister of State for Trade and Industry Mr Lee Yi Shyan in November 2011 with a budget of S\$45 million.

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

- a) Enhance productivity of the food production base;
- b) Achieve economies of scale through demand creation;
- c) Produce high value-added products through innovation;
- d) Build skilled workforce; and
- e) Upgrade SMEs' capabilities through broad-based initiatives.

¹ Source: EDB Census of Manufacturing 2011

² Proposed budget comprised of S\$23.5 million from NPF and S\$21.5 million from SPRING's Enterprise Development Fund IV