

THIS WEEK'S TOPIC

To help SMEs develop competencies to meet the stringent manufacturing quality and certification requirements of MNCs, a \$250-million Partnerships for Capability Transformation (PACT) programme will be introduced to help SMEs with expenses related to such activities. This will be part of the Local Industry Upgrading Programme (LIUP) now administered by the Economic Development Board. Regardless of whether you are a past LIUP participant, do you think PACT will be useful to your company? Also, what do you hope to see in terms of the eligibility criteria or administrative requirements for PACT?

A welcome addition to LIUP

Cheryl Tong

Managing Director (PowerPRO)
Pursuit Pte Ltd

THE PACT (Partnerships for Capability Transformation) programme is definitely welcome. In the past, many SMEs especially those in the supporting industries had benefited from the LIUP (Local Industry Upgrading Programme). Under the LIUP, funding was available for MNCs to assist their SME suppliers to upgrade their capabilities under a formal training and skills upgrading programme.

The stated objective of the PACT programme is to help SMEs develop competencies to meet stringent manufacturing quality and certification requirements of MNCs. As most of our production activities are in China, Pursuit hopes to be able to tap the PACT programme to work with China-based MNCs to upgrade our manufacturing and supply chain capability.

Many local companies are like us. They manufacture components or final products in the region with materials sourced regionally. Over time, increasing competition from the region will force more local companies to adopt similar business models.

Therefore we hope that the PACT programme can benefit SMEs with overseas manufacturing operations. We also hope that the grants would be generous especially for certifications which are usually very costly to acquire. In addition, we hope that the allocation of the grants can be processed expeditiously so as to alleviate SMEs' cash flow problems.

We look forward to more details which the government will unveil in May 2010.

Jim Li Hui Hong

President
JSB TECH Pte Ltd

IN response to recent global economic crises, many large MNCs are consolidating and streamlining to focus on their core business activities. SMEs that specialise in a certain niche market segment and are part of an existing MNC's manufacturing supply chain are becoming ever important partners.

Supplying manufactured components to the large Japanese MNCs for over 16 years exposes our company's management team and employees to global scale manufacturing volume, industry leading quality standard, and world class operational and business best practices. These essential capabilities and competencies established initially, enable our company to later be transformed into an Original Brand Manufacturer having our own brand products that are distributed in Japan, UK, USA, Korea, Australia, EU and Asia.

ISO, OHSAS, TS and other generic version of Order Qualifying Certifications are SMEs' entry barriers to MNCs. Developing highly specialised manufacturing processes to enhance quality level to single-digit dppm is another vital competency that differentiate leaders from followers. I believe PACT as part of the LIUP schemes will enable those forward looking Singapore SMEs with manufacturing footprints to extend and expand their partnership/collaboration with regional MNCs in the light of improving global economic environment.

Oliver Tian

Chief Executive Officer
HutCabb Consulting Pte Ltd

I APPLAUD the government for continuing to support growing SMEs to develop competencies. The LIUP scheme has been effective in helping SMEs in capability development especially when there is a pair-up with MNCs whom SMEs can complement. While many SMEs have benefited from such a scheme, a suggestion for PACT will be to consider cross-industry upgrading.

"Cross-breeding" competencies have a number of benefits. First and foremost, the organisation can take the opportunity to review existing processes and adopt best practices from a different industry. Sometimes, such considerations can help to streamline processes which are kind of "stuck" to old-school thinking. Secondly, "cross-industry practices" would provide an alternative perspective which can possibly provide some considerations to existing deadlocks. Thirdly, "cross-breeding" can also open up new opportunities for new forms of synergy and mutual benefits, such that new competencies to service a common space may be discovered.

Hence, in terms of criteria and administrative requirements for PACT, I hope to see a more flexible and open minded evaluation. If an idea is unheard of before, it does not mean that it will not work. On the contrary, it may will be the dawn of a new competitive effort to increase productivity in both industries.