Lifting productivity in Singapore’s retail, F&B

By Tioh Kuan Heng

In RECENT years, there has been increased recognition among policymakers for the need to build up Singapore’s productive capabilities – especially those of its SMEs.

In a report released in 2010, the Economic Strategies Committee (ESC) – a government committee set up to help provide strategic directions for the economy’s growth in the coming decades – identified SMEs as a key driver of productivity-driven growth.

Moreover, measuring productivity is often considered a difficult task for industries in the service sector. While the ESC report set a target of doubling the number of local SMEs with revenues of over S$10 million to 1,000 in 10 years, attainment of the target has still quite some way to go.

One important initiative aimed at lessening the strain is the applied research studies being carried out by the Singapore Productivity Centre (SGPC) in conjunction with the National Institute of Singapore (NUS) in the Retail and F&B sector.

The latest volume of the research studies titled Lifting Productivity in Singapore Retail and Food Service Sector: The role of technology, manpower and marketing competencies tackles in detail self-service technologies, cash management technology, RFID, Bar-printing, centralised kitchen and laundry, part-time manpower pooling, M-commerce and use of loyalty cards.

For instance, we found that Paul Frank Singapore and Cold Storage were able to implement RFID (radio frequency identification) systems for inventory management. The technology enables them to accurately predict the amount of goods to allocate to their franchises, creating a leaner supply chain, and this translates into money savings. Companies can learn from these findings, benchmark themselves against others and seek assistance from SPC in their productivity improvement journey. Policymakers can also disseminate lessons from the findings to help refine and fine-tune Poliskit further for these two sectors.

A good framework is necessary for an effective analysis of problems faced in business operations and productivity improvement. The central message to companies is that the potential of productivity based on a single index (such as value-added per worker) can be forged with difficulties and apparent contradictions against measures to be taken.

The NUS framework overcomes this by addressing multiple inputs and multiple outputs, which are important for productivity improvement.

A Cold Storage staff member redressing fresh produce. The supermarket chain implements radio frequency identification systems for its inventory management, which enables it to keep track of the number of goods to allocate to its branches, creating a leaner supply chain that translates to more savings.

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There are few key observations which can be made, about the key stakeholders involved in the productivity improvement process. Certainly, business owners are becoming more cognizant that the commercial environment is becoming increasingly competitive, and that it is important to transform business operations to remain competitive.

Some of the SMEs have also made themselves the role model in terms of implementation of new technologies and are showing the path to other SMEs, who may feel more confident after reading the success stories of other enterprises.

Furthermore, customers are also increasingly willing to accept productivity-enhancing tools. Customers have certainly instilled more trust in online systems and payments in recent years, giving retailers a better opportunity to reach out to customers.

Furthermore, with the growing acceptance of the shared economy, and increased emphasis on “the experience” rather than “ownership”, it is expected that resources would be allocated more efficiently and sustainably. In particular, it is expected that areas such as M-commerce and Shared Services would grow exponentially on account of this trend.

Finally, employers also play an important role in the development of a productive ecosystem. Employees are exposed to several training pro-