Small and Medium Enterprises (SMEs) face similar challenges in developing management talent as the larger firms. Like large firms, they too need to attract, recruit, develop and retain management talent.

However, SMEs are constrained in this area. Given their size, they have fewer resources to invest in developing management talent, yet they weather greater risks than big businesses. While not crippling, the constraint requires SMEs to have a well thought out plan for training and grooming staff earmarked for management positions.

In this issue of Enterprise Today, we examine how management training can make the difference between success and failure for SMEs. Also, we will take a look at the issue of Singapore’s shortage of SME management talent and how the new Business Leaders Initiative (BLI) can help address this.

The Difference Between Success And Failure
Management training can cut the failure rate of small and medium enterprises (SMEs) by as much as half.

This eye-opening conclusion was reached by the Organisation for Economic Co-operation and Development (OECD) in a 2003 study that covered half a dozen developed countries. The global organisation found there was “a positive correlation between the degree of management training and the bottom line performance of an SME”.

It discovered that the chance of business failure fall from one in three to just one in ten over the first three years of an SME’s start-up if management training was undertaken.

The OECD’s findings are particularly relevant for Singapore’s SMEs given the recently announced package of scholastic to help shape a new generation oforrowers.

Mr Philip Yap, Chairman of SPRING Singapore, noted in a speech earlier this year that local growth-oriented enterprises need to build up their management teams to enter new markets, develop new products and seize fresh business opportunities.

Speaking to the pioneer cohort of SME leaders in the SPRING-SMU SME Leaders Management Development Programme, Mr Yap said the challenge they face is not the lack of growth opportunities but the death of good leaders, across all levels, who can lead their businesses to seize these opportunities.

In other words, to take advantage of the benefits that a globalised marketplace has to offer, Singapore’s SMEs need to be led by bosses and senior executives schooled in management skills and savvy enough to capitalise on the opportunities that turn up.

A Start-up Enterprise survey by SPRING in 2006 found that just 40% of Singapore entrepreneurs had a basic degree and formal management training. While the real may have been able to manage their enterprises satisfactorily so far, they are likely to find it tougher going as the business conditions become more complex and competition more intense.

Local SME leaders do recognise that it now takes more than just technical knowhow to lead their businesses to success.

In SPRING’s 2007 SME Development Survey, 1 in 10 SME bosses identified 4 core skills that their managers needed to develop – leadership, team-building, marketing and promotions, and business planning. This is a significant shift away from training managers in narrow, job-specific skill sets to “soft skills”.

“I have come to realise that ongoing education is so important,” noted Mr Low Cheong Kye, managing director of Home-Fix D.I.Y Pte Ltd.

“Being in the retail industry, the most challenging issue I face is retaining and grooming our best talent,” he said.

“This is one of the reasons why Home-Fix focuses on constant upgrading and providing training support to our staff. Our philosophy has paid off somewhat, as most of our management staff stayed on as store assistants,” said Mr Low.

The Challenge: A Lack Of Management Talent
If SMEs recognise the need to attract and develop management talent, what is preventing them from doing so?

One widely held belief is that SMEs pay poorly. But the 2007 SME Development Survey found otherwise. Some 86% of SMEs in Singapore said they paid the market average in terms of staff and benefit packages, while 8% said they paid above market rates.

To take advantage of the benefits that a globalised marketplace has to offer, Singapore’s SMEs need to be led by bosses and senior executives schooled in management skills and savvy enough to capitalise on the opportunities that turn up.
About SPRING Singapore’s Business Leaders Initiative (BLI)

SPRING’s Business Leaders Initiative (BLI) is a comprehensive programme that offers structured development courses that cater to the management training needs of SMEs—the SME boss, the up-and-coming executive, and aspiring entrepreneurs.

1. Advanced Management Programme (AMP)

Formerly known as the Management Development Programme, the AMP focuses on training CEOs and senior executives from growth-oriented enterprises. SPRING has worked with institutions of Higher Learning (IHLs) to develop customised and affordable Executive MBAs, short-term Executive Development Courses and other business management and leadership courses.

The AMP provides the IHLs with a one-time curriculum development grant for customised courses for SMEs, as well as up to 60% of operating costs for each intake.

The courses are currently offered at Nanyang Technological University (NTU), National University of Singapore (NUS), Singapore Management University (SMU) and SIM University.

Course fees range from S$30,000 to S$35,000 per participant for executive development courses, and S$30,000 to S$35,000 per participant for postgraduate courses.

2. Management Development Scholarship (MDS)

Under MDS, promising SME executives and executives hoping to work for growth-oriented enterprises are sponsored in part-time or full-time MBAs undertaken in local universities.

The MDS will be jointly sponsored by SPRING and participating growth-oriented enterprises. Upon graduation, these executives will pursue careers in the sponsored companies.

The MDS will provide funding at the following levels:
- Part-time MBA: SPRING Singapore will provide grant value of up to 70% of the expenses which includes tuition fees, basic stipend and other related expenses, including monthly allowance for full-time MBA scholars.
- Part-time MBA: SPRING Singapore will provide grant value of up to 80% of tuition fees and other-related expenses. The SME will bear the full salaries throughout the course of study.

The scholarships are for courses offered at Nanyang Technological University (NTU), National University of Singapore (NUS) and Singapore Management University (SMU).

3. Executive Development Scholarship (EDS)

This new scholarship for undergraduate studies at NUS, NTU and SMU, is targeted at outstanding students who have demonstrated not only strong leadership capabilities but also a passion and drive to run their own businesses in the future. Successful EDS Scholars will have the opportunity to do their internships in SPRING or at a growth-oriented enterprise. Upon graduation, EDS Scholars will work in SPRING for up to three years as part of their bond.

Upon completion of the bond, EDS Scholars are encouraged to join a growth-oriented enterprise or set up their own business.

The EDS covers up to four years of full support for all school-related costs, including tuition, maintenance and book allowances, hostel fees and computer loan.

A more likely reason is simply that there is intense competition for people in Singapore’s small talent pool. More than 50% of SMEs covered in the SME Development Survey said that they had difficulties recruiting staff for managerial, supervisory and operational positions.

For local precision engineering firm A & One Precision Engineering Pte Ltd, this battle for talent takes on an added dimension.

“Even if you have succeeded in grooming new managers, it is very likely for others to recognize their talents and invite them to join their company with a better offer,” says Mr Leong Weng Kuee, A & One Precision Engineering’s Corporate General Manager. “It is especially more challenging for an SME as most of these talents are drawn away by the big multinational companies in the region, and this trend would continue as long as the country continues to attract foreign investments."

The problem is not exclusive to Singapore’s SMEs. In a 2004 paper that examined management of talent in American SMEs, the US’ Human Capital Institute noted that American SMEs faced constraints such as lack of specialised expertise that were not an issue for larger firms.

But, the institute added, SMEs had some innate advantages that bigger firms lacked. Since SMEs had fewer management layers, high potential performers could be dealt with on a case-by-case basis when crafting their development needs. Also, such
individuals would have a stronger sense of belonging to the SME as their contributions would be highly visible and would more easily have an impact. In the case of A & E One Precision Engineering, the way to tackle the challenge is to empower management staff with greater decision-making authority in addition to developing its own training programme for staff.

"Hopefully one day, we will be successful not only in grooming talents but can attract talents to join the company too," adds Mr Leong.

The challenges faced by Singapore’s SMEs are also mitigated somewhat by the proactive support by the Government for local enterprises, said Ms Annie Yap, chief executive officer of human resource consultant The GNP Group.

SMEs should capitalise on this support by putting in place a strategic talent management framework to the key processes of sourcing, recruiting, training and developing talents, she said.

SME leaders today face a different set of business demands and new skills are needed, Ms Yap added.

"In the past, an SME could be comfortable just serving the local market. Today, for SMEs to survive, they need to grow regionally or even internationally. Hence, the challenges that an SME leader faces today are more multifaceted. One or she has to be more aware of the various internal and external issues that could impact the business, and also the different ways a business operates in each country.

"Many of the latest management ideas still originate from the West. It takes some time before the management skills reach us. Local SMEs tend to be a bit slower in adopting these skills and practices especially among the more traditional businesses.

"For example, overseas SMEs have been obtaining fair employment practices for a number of years, whereas in Singapore, we are only starting to advocate the importance of it. The sooner we adopt good management skills, the faster we are able to cope with the different global challenges," said Ms Yap.

The Solution: Creating a Pipeline Of New Top Tiers

In January this year, SPRING embarked on a concerted effort to arm current SME leaders with management training and groom the next generation of SME bosses.

Pumping S$60 million into its Business Leaders Initiatives (BLI), the agency expects to create by 2012 a pipeline of 1,000 trained SME bosses and senior executives while cultivating another 500 repaying executives.

This will boost the talent pool of Singapore’s SMEs and help growth-oriented enterprises build management teams with sound management know-how.

Spanning the entire spectrum of SMEs’ talent development needs, the BLI has programmes targeted at different groups of learners. For instance, SME bosses and senior executives can enroll in the Advanced Management Programme to study for postgraduate degrees or take short term courses in a variety of business and management topics. They can choose from courses partly developed by SPRING and the National University of Singapore (NUS), Nanyang Technological University (NTU), Singapore Management University (SMU), or SIM University.

These courses for SME head honchos will be customised for the Asian business context and will address business issues. They will also be flexible enough to fit into the busy schedules of these SME bosses.

For up-and-coming SME executives, there are various programmes that will help them be more aware of the market.

Today, for SMEs to survive, SME leaders today face a different set of business demands and new skills are needed, Ms Yap added.

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Management Courses for Fast Growing Enterprises

When it comes to management training, small and medium enterprises (SMEs) are now spoilt for choice. Whether they are bosses and senior executives of SMEs or young undergraduates with an entrepreneurial glint in their eye, SPRING’s Business Leaders Initiatives (BLI) offers a slew of programmes to meet their learning needs.

The aim is to nurture SME leaders, develop their management capabilities and spawn a stream of future leaders for Singapore SMEs. In this issue, we take a look at what is available for whom under BLI.

<table>
<thead>
<tr>
<th>Programme</th>
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<th>Duration</th>
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<td>Full time: 38,000 Part time: 30,000</td>
<td>Aug 2008</td>
<td>24 months</td>
<td>• The NUS MBA curriculum is benchmarked against the best MBA programmes in the world. • Offers a unique focus on the culture and conduct of business in Asia. • Associated with the best knowledge and business skills from the West. • Ranked 1st in Asia in the Financial Times Global MBA Ranking 2007.</td>
<td>• If you want a comprehensive MBA programme that combines the best management thinking from the East and the West, the NUS MBA is for you.</td>
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<td>NTU-MBA</td>
<td>Full time: 25,000 Part time: 32,000</td>
<td>Jul 2008</td>
<td>16 months Part time: 32 months</td>
<td>• Offers a unique mix of global perspective with an Asian focus, keeping students abreast of the latest business ideas and trends. • Geared to the Asian Business Case Centre, the Nanyang Business School of Asian Studies, is widely used in Nanyang MBA courses. • Students have opportunities to network with 100% internationalism and entrepreneurship as NTU has close links with the industry. • Industry feedback confirms the flexibility of specialisation in an area which adds depth to a student's breadth of knowledge.</td>
<td>• If you want an in-depth focus on Asian business issues, NTU-MBA is for you.</td>
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<tr>
<td>NUS-SPRING</td>
<td>Open Executive MBA</td>
<td>24 Aug 2008</td>
<td>3 months</td>
<td></td>
<td>• Modular provide in-depth coverage of major business topics like - Product and Brand Management for SMEs - Strategic Communication and Reputation Skills - Financial Management for SMEs - Sun &amp; Sir Beng Poh Business Applications - Dynamic of Local Enterprise Development - Growth and Internationalisation Strategies for SMEs</td>
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Management Development Scholarship (MDS)

ABOUT MDS: Under the MDS, young graduates with business leadership potential are identified and groomed to be future SME leaders. MDS is specifically designed to support selected graduate-level management programmes of leading local universities.

FOR WHO: Young, up-and-coming executives in SMEs are ideal candidates taking part in the MDS, where they are provided with the necessary managerial skills and training to contribute to the success of the SMEs they eventually grow to lead.

HINT: The MDS offers the course fees for selected participants who undertake full-time or part-time MBAs.

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Advanced Management Programme (AMP)

ABOUT AMP: Commonly known as the Management Development Programme, the AMP focuses on giving SME bosses and senior executives the skills to lead, manage and develop successful SMEs. The AMP requires longer term commitment.

To suit the busy schedules of these people, flexibility is built into AMP courses. Some modules are conducted over one to two weeks every few months, while others like the NUS-SME Public Executive MBA require longer term commitments.

Also, the courses offer customised modules that expand business skills and issues relevant to Singapore SMEs.

All courses are jointly developed by SPRING and local institutes of higher learning (Universities) like:
- National University of Singapore (NUS)
- Nanyang Technological University (NTU)
- Singapore Management University (SMU)
- Nanyang Business School (NBS)

FOR WHO: If you are an SME boss or senior executive who want to be in the know, then AMP is the right programme for you. All courses are structured to offer maximum flexibility to suit the schedules of course participants.

HINT: To apply, you must have at least 2 years of work experience with significant managerial responsibilities.

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SME Leaders Development Programme

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<tr>
<td>NUS MBA</td>
<td>Full time: 45,000 Part time: 10,000</td>
<td>Sep 2008</td>
<td>12 months</td>
<td>• Students are taught by faculty with PhDs or professional qualifications from leading international academic institutions. • The NUS MBA has a strong focus on leadership and communication, while training students in the key skills of managing people in the traditional functions of management.</td>
<td>• Open to diploma or degree holders. Participants will receive dual qualifications upon completion of Graduate Certificate Diploma in Entrepreneurship (Entrepreneurial Management) and the NUS MBA.</td>
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- Mr Mr For Kew T, Deputy Group MD, HFL International Holdings Ltd
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- Mr Walter Lee, Senior Vice President and Fellow, Exploit Technologies Pte Ltd, A*STAR

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- Ms Han Lim, HR Manager, A*STAR
- Mr Richard Eis, Group CEO, Eis Ten Sang International Ltd
- Ms Miranda Lee, Partner, Ernst & Young Associates Pte Ltd
- Mr Neo Sia Meng, Managing Director, Four Star Industries Pte Ltd

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