PULLING TOGETHER

An innovative spirit should be cultured and ingrained, not departmentalised

BY JONATHAN HO

PHOTO: ISTOCKPHOTO

THERE is little doubt that Singapore has its heart in the right place when it comes to innovation. As a small country, we are cognisant of the fact that we lack natural resources and consumer markets, and we can compete sustainably through creativity and innovation.

When it comes to entrepreneurship and innovation, Singapore has certainly laid its roadmap in the Committee for Future Economy and the 2017 Singapore Budget announcement. For instance, the Global Innovation Alliance, Innovators Academy and Innovation Launchpad seek to help enterprises develop innovations that can be commercialised for the global marketplace.

Despite these massive investments of effort and money, innovation remains a frustrating pursuit in many family businesses. More often than not, innovation is not a "must have" but rather a "good to have" as the longstanding challenge of rising business costs and resource constraints are hard enough to manage – and innovation could be regarded as less of a priority.

According to KPMG's recent report on family businesses in the digital economy, more than half of the respondents do not have any existing plans to inculcate the culture of innovation, despite calls to sharpen competitiveness and increase productivity in the midst of a slowing economy. In fact, only 25 per cent actively encourage employees to try out new ideas and challenge the status quo.

FORESIGHT FOR INNOVATION PLANNING

The global economy is driven by consumers who are increasingly empowered and spoilt for choice, and enterprises must find ways to stand out from their competitors and create tighter bonds with their customers.

About two years ago, Spring Singapore established the eight Centres of Innovation through partnerships with selected institutes to assist enterprises in the enhancement of their technology innovation capabilities. Enterprises are encouraged to come up with their own unique products or intellectual property that can set them apart and give them a competitive edge in the long run.

One of the enterprises is Tiong Seng Holdings which embarked on a journey to improve its product quality and increase productivity. To achieve this, Tiong Seng adopted new technologies to help reduce its reliance on labour and incorporated new workflows.

Some of these activities (such as enhancing business processes for productivity) can be supported with Spring's Capability Development Grant which provides funding support of up to 70 per cent. Most recently, the government also announced the SMEs Go Digital Programme which includes building a SME Technology Hub to complement the existing network of SME Centres.

Despite the benefits of digitisation, many local businesses believe that investing in digital technologies is expensive and difficult, given their limited manpower. According to our study, more than half of the respondents who do not see the need to digitise say that it is not relevant to their business. About 32 per cent are consumed by their day-to-day operations, and 24 per cent opined that their current non-digitised processes would be sufficient to see their businesses through to the future.

Small and medium-sized enterprises (SMEs) should acknowledge that mastering the applications of technology such as mobile adoption, social media and business management software will help them deliver enhanced benefits to customers and strengthen product and service development.

Another local enterprise that is way ahead of the curve is Wong Fong Engineering, a past Enterprise 50 Award winner. The company has invested in the Wong Fong Research and Innovation Centre (WFRIC) to help the 53-year-old engineering company and its clients rethink existing designs to today's consumer, industrial and military products, while seeding projects in the field of telematics, robotics and electric vehicles.

INNOVATION THAT IS INGRAINED

Given that local enterprises are an integral part of the Singapore growth story, what more can be done to bring them into the digital economy? Clearly, the government can only do so much, and SMEs have to help themselves. By adopting a global mindset and focusing on transformation, firms can enter new markets with the right combination of business acumen and skill sets.

Digitisation will largely shape and influence how successful innovation is. Companies will need to invest in a suite of digital tools to generate ideas, analyse insights and manufacture and design products that meet ever-changing consumer needs. It is also important to ensure that innovation is not sought in silos, but ingrained into companies' culture. This requires a concerted effort to nurture a workplace culture that supports innovation.

While the leader of the organisation is responsible for setting the tone for having an innovative culture, all employees will need to be part of the innovation process. Employees should be encouraged and empowered to think about their jobs, about the products and processes that they handle – and how they can be improved and done more efficiently or differently.

Companies that effectively involve their entire organisations in innovation and which coordinate their innovation with a strategic, globally driven approach to marketing can realise real revenue growth and value creation.

As Qian Hu's CEO described it aptly: "Any enterprise which does not embrace innovation in the next three to five years will not survive. Enterprises have to build a culture of innovation from within, encourage people to try and accept that they are going to make mistakes." ■

The writer is partner, risk consulting at KPMG in Singapore. The views expressed are his own.