Research report
May 2013

Achieving excellence: HR and people management in Singapore SMEs
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Acknowledgements

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Atlas Sound and Vision
Jason Electronics (A subsidiary of Jason Marine Group)
Mothercare Singapore
Home-Fix DIY

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Introduction

The aim of this Research Insight is to examine the vital role of HR and people managers and the importance of good people management practices in Singapore small and medium-sized enterprises (SMEs) – in particular, how good people management is essential in driving sustainable organisation performance through different stages of organisation transition. It is intended for HR practitioners in SMEs, as well as for those responsible for HR activities who may not have HR explicitly in their job title, as is often the case in smaller organisations, such as the owner/founder or office manager.

In our wider CIPD research we adopt the European Commission definition of SMEs, which classifies micro organisations as those having fewer than ten employees, small organisations as up to 50 employees and medium-sized organisations as up to 250 employees. However, in selecting the case studies for our research in Singapore, we used the SPRING Singapore definition of an SME: an annual sales turnover of less than S$100 million, or fewer than 200 employees.

In this Research Insight we propose four stages of organisation transition in SMEs. Each is associated with different HR and people management opportunities and challenges. Movement between these transition stages can be for various reasons, most commonly changes in workforce size, financial investment, change in owner/leader or scale and scope of operations, to name a few.

Overall, through this current work we aim to expand the existing body of knowledge about HR and people management in Singapore SMEs, providing insight and practical guidance for HR professionals and others responsible for people management. We aim to further deepen our understanding of how people management practices differ between the stages of organisation transition, which then helps to be able to anticipate and respond to the issues within and between the different stages. It is hoped that this work will prompt further dialogue about the vital role of HR and excellent people management in SMEs to achieve sustainable organisation performance.

Our research in Singapore

Building on our initial research conducted with SMEs in the UK, we embarked on case study research with Singapore SMEs to test and enrich our proposed model of SME transition. We also sought the views of local SMEs at various events and forums in Singapore (organised by the Singapore Ministry of Manpower, SPRING Singapore and the Singapore National Employer Federation, and attended by more than 200 SMEs). The feedback from these local organisations was that our proposed four stages of organisation transition resonated with their experiences. They also closely identified with the HR and people management opportunities and challenges we had found to be associated with the different stages of organisation growth.

Although the findings from our UK SME research resonated locally, we were careful to remain open to any new and different findings emerging from our Singapore case study research. Through our work with local SME case study organisations, we were able to further test the insights from our UK work to reflect local nuances and also provide interesting local examples of people management approaches to illustrate each stage of the model within this report.

This was particularly important as our previous Next Generation HR research with mainly larger organisations in Asia highlighted some key differences between Asian HR practice and traditional (Western) HR orthodoxy (see cipd.co.uk/global/cipd-asia). For example in many parts of Asia, HR as a profession is relatively young and hence
can be less mature and more emergent than in Europe or the US. And the business context is characterised by a more intense pace of change, rapid growth and war for talent. However, our research asserts that through concentrating on four unique challenges (insight, community, purpose and performance), the HR profession in Asia has the potential to overtake current global best practice to deliver uniquely Asian HR strategies that are truly growth-oriented and sustainable.

Why is this research with SMEs so important?

On the whole, while there has been much work looking at SME growth scenarios (across various geographies), the literature examining HR and people management practices and approaches at the different stages of SME transition is more limited (Harney and Dundon 2006, Tansky and Heneman 2003) and tends to focus on some specific HR practices (for example Yiu and Cheung 1999). Interestingly, those previous studies that have focused on HR in SMEs (for example lifecycle models) have shown that HR practice will differ according to which stage of transition organisations are in, and that organisations will experience different HR issues at different stages (Rutherford et al 2003). Overall, the majority of HR research and commentary focuses on large public and private sector organisations, which may not be directly scalable to their smaller counterparts (Heneman and Tansky 2002, Georgiadis and Pitelis 2012, Yiu and Cheung 1999).

Research on this topic is important for two main reasons. First, small and medium-sized enterprises (SMEs) make up the majority of various world economies (OECD 2012) and SPRING Singapore (2012) estimated that in April 2011 99.3% of all enterprises in Singapore were SMEs. Most significantly, these organisations employ seven out of every ten workers, playing a vital role in employment, and contribute over 50% of national GDP (SPRING Singapore 2012), as well as playing an important role in the country’s long-term economic development (Hew 2004).

SMEs are therefore vital to Singapore for jobs and future economic growth. Research into the experiences of SMEs in south and south-east Asia by Sinha (2003, p3) asserts that, ‘SMEs enhance competition and entrepreneurship, and hence have external benefits on economy-wide efficiency, innovation and aggregate productivity growth.’ However, an enabling and supporting environment is required to truly realise these benefits (Abe et al 2012). Given that ‘SMEs have a key role in spurring Singapore’s next phase of economic growth’ (SPRING Singapore 2012, p3), SPRING continues to provide support and resources to these organisations to further develop their people capabilities.

Second, with SMEs typically having limited material and financial resources, their people are their business. Effective people management at all stages of organisational transition is fundamental to achieving sustainable organisation performance. Research which has specifically focused on SMEs in Asia asserts the importance of excellent people management to both sustainable organisations and economic growth (for example Lim 2007).

UNESCAP’s policy guidebook for SMEs in Asia and the Pacific (Abe et al 2012, p88) states that, ‘among other factors, human resources are the foundation of a successful and well-functioning enterprise, while technological expertise is essential to the realization of ideas’. Furthermore, in their study of SMEs in the APEC region, Yiu and Cheung (1999) found a positive correlation between an SME’s HR practices and most of their organisation performance.
performance indicators, suggesting that investment in good people management will reap dividends. Similarly, in Ahmed et al’s (2011, p23) review of the literature on HRD in south Asian SMEs, they conclude that ‘HRD is important for firms’ longer-run strategic development’. In particular, talent acquisition and retention remain key challenges in the region, especially for technical and managerial skills (CIPD 2012).

The value of this research to HR professionals and people management practice

We believe this current research makes a unique contribution to the existing body of knowledge, examining how different HR and people management approaches support SME growth. From our research we suggest a framework of stages of organisation transition, characterised by different HR practices and approaches. What is clear from our research is that it is through reflecting on, anticipating and responding in a timely way to the opportunities and challenges presented at these different stages that HR professionals in SMEs can help their organisation sustain its performance over time.

We also present some insights and pose probing questions for you to consider in your organisation’s individual context for long-term performance. Our Next Generation HR work (Sears 2011) asserts that it is through taking a ‘situational’ approach that HR can really add value, implementing policies and practices in a way that reflects an individual organisation’s culture, context and needs, and aligned to its strategy, vision and values. In addition to this Research Insight, we have produced a practical tool to further support HR professionals in SMEs which can be downloaded from cipd.co.uk/global/cipd-asia
The research

The research was conducted between September 2012 and January 2013 with four case study organisations (Table 1). Within each organisation we spoke to the HR professional and either the founder or a senior business leader about how HR and people management in general has changed and evolved over time. Further information about each organisation can be found in the Appendix as part of each case study. These organisations are at different stages of transition, but all have adopted interesting people management approaches to address the opportunities and challenges faced.

<table>
<thead>
<tr>
<th>Case study organisation</th>
<th>Number of employees</th>
<th>Who they are</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlas Sound and Vision</td>
<td>Circa 100</td>
<td>Established in 1964 as a record library, Atlas now provides audio visual entertainment to homes, as well as premium audio visual solutions to businesses.</td>
</tr>
<tr>
<td>Home-Fix DIY</td>
<td>Circa 200</td>
<td>Established in 1993 by the Low brothers, Home-Fix is a family-run DIY home improvement retail chain. They currently have 23 outlets in Singapore, employing 200 staff, as well as 11 outlets in Malaysia and one in Jakarta, Indonesia.</td>
</tr>
<tr>
<td>Jason Marine</td>
<td>Circa 160</td>
<td>Established in 1976, Jason Marine started as a ship repair business and has evolved to become a leading provider of integrated solutions of a wide range of marine communication, navigation and automation systems.</td>
</tr>
<tr>
<td>Mothercare Singapore</td>
<td>Circa 120</td>
<td>In 1984 the first Mothercare store in Singapore was set up as a franchise of the UK business. Currently there are 14 Mothercare stores across the country. The company sells, amongst other things, maternity wear, pushchairs, nursery cots, car seats, baby clothing and toys.</td>
</tr>
</tbody>
</table>
What we found: four stages of SME transition

Through our research we have identified four distinct stages of SME transition that HR need to pay attention to, each characterised by different people management issues and opportunities (Figure 1).

Between the stages are what we term ‘inflection points’, reflecting a time where practices that have worked to date are no longer suitable for the organisation’s current needs or future direction. We believe that it is through anticipating and responding in a timely way to the challenges and opportunities presented by the inflection points that HR professionals can truly contribute to the long-term performance of their organisations. Furthermore, this capability can be a source of competitive advantage (Barney 1995, Dess and Lumpkin 2003).

In Larry Greiner’s seminal growth curve (1994, p3), he refers to similar ‘crisis points’, where it is important to recognise ‘traditional management practices which were appropriate for a smaller size and earlier time’ and to be mindful that ‘those unable to abandon past practices and effect major organisation changes are likely to either fold or to level off in their growth rates’. Our stages differ from Greiner’s, as although his examination of organisation growth included people management elements, our focus is different, being concerned specifically with how the most suitable HR practices and approaches change during organisation transition.

Figure 1: Four stages of SME transition characterised by distinct HR issues, with ‘inflection points’ between each stage

SMEs are dynamic and complex, and will transition at different rates, spending different amounts of time within each stage, dependent on their individual context. Furthermore, some may choose to remain firmly in one stage over time. For example, a consultancy firm may choose to remain small and within the first ‘entrepreneurial edge’ stage. Organisations can be high-performing and sustainable in any stage if they choose to remain there: ‘the extent of formalisation of HRM should not be seen to be indicative of the substance of HRM’ (Harney and Dundon 2006, p69). However, it is when an inflection point is approached that there is the possibility for performance to be undermined if the presented challenges and opportunities are not anticipated and responded to in a timely way.

Although Figure 1 depicts the four stages sequentially, organisations are able to move forward or backward between the stages for good reason, by conscious choice and often not due to failure. And likewise, in difficult economic periods, an SME may choose to halt growth and focus on consolidating existing activity to ensure they are in a strong position for when the economy picks up.
What are the characteristics of each stage?

We hope that the themes we have pulled out and the practical examples from our Singapore case study organisations about the HR challenges and opportunities faced within each stage and inflection point will help you to identify which stage of organisation transition you are either currently in or are approaching. We also hope that the themes will help you to consider whether your approach is suitable for your current stage and, most importantly, to look ahead and prepare for impending inflection points, enabling smooth transition between stages.

You may find that your HR activities fall within different stages. It’s important to consider whether this is appropriate for your individual context or if you think being out of alignment will result in tensions. For example, if recruitment is closely aligned to values of trust and innovation (stage 3), but the organisation is process-heavy (stage 2), conflicting messages will be sent to the workforce.

Here, we will discuss the most prevalent themes which emerged from the data as being associated with each of the four stages and corresponding inflection points. We then provide an ‘at a glance’ summary of the stages of SME transition.

Stage 1: entrepreneurial edge

In this first start-up, entrepreneurial stage, the organisation is characterised by informality and contingency, with an emergent strategy, fluid structures, flexible job roles and tacit knowledge exchange. There is usually no formal human resources role in this stage; instead, people management issues are dealt with by the owner/entrepreneur.

At Atlas in 2003, sending job offer letters and recording annual leave was the responsibility of the CEO’s personal assistant. Heads of departments were responsible for hiring with the CEO approving hiring numbers and remuneration.

‘Hiring wasn’t a formal process; it wasn’t structured at this point. The major thing was whether they could fit in the organisation. We looked for people who were capable and who had customer service aptitude, and there was a strong premium on loyalty and honesty.’ Sherwin Siregar, Deputy CEO

Learning is mainly experiential and on the job. There is an emphasis on the salary side of reward, with rates decided by the owner, perhaps supplemented with share options or equivalent, but benefits at this stage are unlikely apart from legal requirements. The owner’s vision and values drive practice.

At this stage, people’s engagement tends to be largely intrinsic, coming from the excitement of working for an entrepreneurial company, the opportunity to be involved in different aspects of the business, and both personal and organisational achievements. Recruitment is ad hoc, based on immediate skills requirements. However, applicants’ attitude also plays a large part in recruitment decisions, in particular if they are willing to be flexible to meet the changing needs of a start-up business.
Inflection point

Consistent with existing theories of organisation growth, an inflection point is reached as the organisation gets to a size where a level of formalisation is required, with the owner/founder no longer able to manage effectively in an informal way. This inflection point marks a critical stage for people management: are people management activities retained by the owner/founder, or a senior leader, more formally, or delegated to an existing staff member, such as the office manager? Is an HR professional hired at this stage and, if so, in what capacity? What does the owner/leader, or a senior leader, expect from HR? Do they know the potential that HR could add to the business?

Atlas’s workforce was continuing to grow but at the beginning of 2008 there was still no formal HR professional to address the workforce issues that were emerging around how to manage performance and to promote communication and knowledge-sharing between locations, to name just two.

The deputy CEO explains, ‘That’s when I realised you really need somebody who knows what they are doing to do the HR role. It is not something you could just do in your spare time. I decided that I really needed to hire an HR person and so I hired an individual who had nine years’ experience and was doing his bachelor’s degree in HR part-time. We needed to formulate clear policies and review the various components of HR.’

Wherever responsibility for people management lies, it becomes clear that some degree of policies and processes are required to avoid duplication of effort and to ensure alignment of people’s work to organisation goals and direction. These issues need to be effectively managed to sustain organisational performance.

Home-Fix’s workforce got to a size (60 people) where more structure was needed. ‘In the early days, when we were smaller, we were able to get by with doing things intuitively. As the organisation grew and as we see tremendous advantage in building innovation capability and capacity across Home-Fix, it became necessary to have a common framework and a common language for effective communication and to share ideas.’

Mr Low Cheong Kee, Founder and Managing Director, Home-Fix DIY

‘The first thing I look for is the attitude of the person and just as important as the interview itself is the reference check with their previous employer in terms of their general attitude to work and how fast they are able to pick things up. I don’t just look at people’s job experience, but also at their experiences outside of work. For example, my store manager has grown through the ranks to be my head of area managers for operations. He started work at 12 years old delivering newspapers and he worked from the ground up. When I hired him he was a taekwondo instructor and I think he gained a lot of skills by teaching taekwondo, including how to guide people… Extra-curricular activities outside of work show a person’s skills and how much they strive.’ Pang Shu Xin, Executive Director, Mothercare Singapore
Stage 2: emerging enterprise
This stage of organisation transition is typically characterised by formalisation of the organisation’s structure (including team structures and more formalised job roles) and introduction of processes. In addition, with people and performance issues becoming salient, the fundamental HR policies and processes are introduced. However, HR tends to be transactional in nature at this point and reactive to immediate issues, such as the need to recruit quickly, or to ensure a consistent people management approach across the business.

One of the first tasks Atlas’s first HR executive undertook was to design a robust recruitment and selection approach. Now that responsibility for hiring was devolved to department managers, some guidelines were needed to ensure a consistent hiring approach across the business.

The introduction of formality at this stage also tends to include a more consistent approach to training for operational staff.

At Mothercare Singapore in 2011, training for front-line staff needed to be the first priority because they create customers’ first perceptions of the company. The internal training manager has developed a curriculum for basic-level training which includes an orientation programme for new hires and also selling skills for front-line staff about how to engage customers.

However, as the organisation is still emerging, flexibility remains important and needs to be considered when introducing people management policies and processes.

Inflection point
If the organisation continues to transition, another inflection point is on the horizon where a greater array of people management challenges and opportunities come to the fore than at the last inflection point. As discussed previously, transition between stages can be for various reasons, such as changes in workforce size, financial investment, changes in owner/leadership, or scale and scope of organisations. There is a tipping point when a short-term, reactive HR approach (for example to recruitment and capability-building) is no longer sufficient and, as the business is thinking more strategically, so HR needs to follow suit.

As the workforce typically grows, there is a need to evolve the organisation structure which often involves adding more management layers.
With Mothercare Singapore's steady workforce growth it was necessary to evolve the business structure. In 2010, the company structure was fairly flat and the executive director Pang Shu Xin had more than 20 direct reports. For example, the individual buyers, including the fashion buyer and the home and travel buyer, all the individual store managers/supervisors, the IT manager, the warehouse manager and the marketing administrator all reported directly to her.

Pang Shu Xin wanted all staff to get regular feedback and individual attention in terms of coaching and development, which she was not able to give to this many direct reports. Another management layer was introduced in the form of heads of department, who then had responsibility for managing individuals within their respective areas.

She describes the obvious business benefits from the new structure: ‘Now with the current structure each head of department is qualified and can take the company to a different level so we can really pick up our processes, meet the sales targets and run things more efficiently than before.’

However, with more management layers, there are further resultant issues for HR to manage. Interviewees in all of our case studies talked about the increasing distance between the owner/leader and employees through organisational transition, which creates a significant challenge for HR in retaining employees’ connection with their vision and values.

As well as having clear job roles, effective communication that formally states and reinforces the vision and values is required, enabling employees to interpret both ‘what do I need to do and how do I need to do it?’

With continued business growth at Atlas, the CEO was determined that Atlas's core values (passion, integrity, respect and excellence) remained the essence of everything the company did. He knew that staff needed to buy in to, and truly believe in, the company and its vision and values, in order to achieve sustainable business growth.

‘When the company was smaller it was easy to get the feel of the values because you saw the founders, who were basically the living values, on the shop floor every day; you got it by “osmosis”. But as we grew we realised we needed to articulate a succinct vision for our organisation and crystallise our values. We did a lot of communicating externally but we needed to do internal branding.’ Sherwin Siregar, Deputy CEO

An orientation programme was established which every new employee attends on their first day of work. They are briefed on what the company does, its vision and mission, as well as learning about the structure of the organisation. The values are also an integral part of this on-boarding process.

The family feel to Mothercare Singapore is maintained by the founder of the franchises, Mr Pang Kim Hin, who is still involved in the business and runs the quarterly management meetings. The culture is also maintained by the long-serving employees, who are the pillar stones. However, there is a danger that the culture may become diluted if these people leave the company. Cementing the vision and values and being clear about the company identity will help to further embed the desired culture into the organisation’s DNA.
Typically, as the owner/leader ‘let’s go of the reins’ and relies on managers to execute the organisation’s vision, there is the temptation to be more prescriptive about how work is done. However, with too much formalisation, the organisation may become process-heavy, stunting innovation and organisational agility. If the organisation’s values are strongly embedded, less prescription is needed.

At this point where there is typically a notable increase in workforce size, one of the key capabilities HR itself needs to make an effort to retain through organisation transition is closeness to the business – something that tends to be easier in a smaller entity. HR having a deep understanding of the changing nature of the business and maintaining close relationships with stakeholders will enable them to anticipate what the business needs. Further insight into how HR can develop these essential capabilities can be found in our CIPD Business Savvy: Giving HR the edge (2012) research report.

**Stage 3: consolidating organisation**

This stage of transition is generally characterised by reflection and improvement, where organisations may choose to ‘take a step back’, reflecting on what is in place already and assessing whether it is right for their future direction or whether change is needed. The amount of time spent in this stage can be due to good reason, through conscious choice and often not due to failure. However, it can also be a product of the external context.

In 2012 Atlas joined an innovation programme, partially sponsored by the Singapore Government, which will help them to strengthen their innovative capability as well as embracing a continuous improvement philosophy. Department heads were invited to attend a five-day workshop which was spread across a few weeks.

As part of this workshop, the department heads needed to identify an issue or a need in the business and then come up with a solution. They identified the staff orientation process as an area that could be improved and developed a video which could be shown to new hires on joining the business. It is intended to inspire people about the company and encourage them to come on the Atlas journey. The video includes testimonies from current employees about what it is like to work at Atlas, how the business works and the vision and values.

As indicated in the previous inflection point, the business strategy now tends to be planned rather than emergent. Therefore in this stage a more forward-looking, systematic and strategic HR approach tends to be adopted, ensuring practices support achievement of the organisation’s goals and are aligned with the organisation’s strategic direction and values.

At Jason Marine, 2012 was characterised by a noticeable shift in the HR function from the more operational approach of the past towards becoming a more strategic function, with HR activity becoming more closely aligned to business strategy.

Serene Tan, HR Manager, reflects on the change: ‘HR has evolved. No longer are the processes enough; HR has to understand the business and build their strategy to realise the company’s business goals. It is not HR for HR’s sake; HR has to be an integral part of meeting the company’s objectives.’

Joseph Foo, the company founder, recognises the shift in HR capability as the function has evolved: ‘HR now doesn’t just talk about HR; they also must have an understanding of the business objectives to deliver great value to the company. We always believe in best practices and they look at how we can adapt and modify best practices to suit our culture. Our HR people attend workshops and meetings to meet other HR professionals from other companies and they share ideas and they share best practices, what works and what doesn’t work.’
The longer-term HR focus also means the development of a more planned and embedded approach to people development. As well as developing their in-house training approach, our case studies have engaged with various training courses and general support provided by the Singapore Government, which is aimed at increasing SME capability and hence their competitiveness and growth.

With the help of funding from the Singapore Government for training purposes, the heads of department at Mothercare Singapore undertook training on key HR issues. The executive director wanted all managers to be effective people developers and for HR insight to be used to inform business activity.

Workshops for managers focused on areas such as how to conduct performance appraisals, how to conduct skill audits, interviewing skills and what you need to look for when you are recruiting. With the amount of hiring needing to be done, and the urgency of recruiting for operational positions in particular, it was important for managers to take on this role and be able to recruit effectively.

In the consolidating stage organisations typically have more management layers or dispersed operations, making a formal two-way communication strategy essential. A more formal and planned approach helps to ensure the right messages are being communicated, and that employees still feel their views are heard, as in the early days when the organisation was smaller when employees would have more face-to-face communication with the owner/ founder directly.

Senior management at Jason Marine see communication as very important, both top–down and bottom–up. Although leaders have an open-door policy, they cannot be in every location and not everyone will feel able to discuss issues this way, so other communication forums were needed to get employees’ views, ideas and feedback.

Serene Tan, HR manager, described how HR began to hold focus groups in 2012 which encouraged bottom–up communication: ‘We want to hear from employees about how they feel working in the company, what are the things they like most and which are the areas that they think we have to improve in … And to keep the family feel and help people to get to know each other as we get bigger, we try to get together for events, celebrations and enjoyment.’

In addition, Joseph Foo, company founder, explains: ‘We have very short daily meetings of 5–10 minutes to brief each other on any issues. There are also weekly meetings where we keep one another informed about particular processes or projects. And we have monthly meetings where heads of department come together to share issues and help each other to overcome them. We also have town hall meetings once every six months. These meetings are not just for the sake of having meetings – they are an opportunity for us all to voice issues, exchange ideas and keep one another informed. At the same time, the opportunity to interact helps us to understand and appreciate one another.’
Finally, a more systematic approach to reward is adopted, aligned to business goals.

For Home-Fix in 2007, an HR priority was the salary structure, which needed further attention to ensure it fitted the changing needs of the business. Staff had always been encouraged to grow their career with Home-Fix, but the current salary structure was proving to be a blocker to career paths.

Clarisse Ng, HR manager, explains: ‘A lot of people join us as retail assistants and want to grow with the company and become a manager. But salaries don’t always grow with the amount of responsibility you get. People therefore weren’t motivated to take on additional responsibility as a store manager. We needed a salary structure with appropriate remuneration.’

In 2012 Mothercare Singapore wanted to measure performance in a way that encouraged the development of the right skills, knowledge and behaviours that would enable the company to achieve its objectives. To start making the conversations about performance part of the company culture, it was first necessary to establish some critical key performance indicators (KPIs) for performance to be measured against. The decision was taken to start with the KPIs of the executive team and then the heads of department before rolling out the process to the whole company. That way, objectives could be cascaded down the organisation in a way that was aligned to the strategic direction.

Now that there is a robust performance appraisal system in place for managers, the company is looking at how they can roll the KPI-setting and performance appraisal process out to the rest of the workforce. As well as aligning individual effort with the company strategy, this process will be another tool to identify skills gaps in the workforce.

**Inflection point**

Although HR policies and processes tend to be in place and aligned to the business strategy at this inflection point, the cracks begin to show if they are no longer suitable for the next stage of transition, perhaps due to the organisation’s size or changing context. Difficult decisions need to be made about what existing approaches should be preserved and which need to now be refined or let go as they are no longer suitable or adding value.

2009 was a particularly exciting time for Home-Fix as construction of the regional head office and distribution centre began. This year also saw the introduction of a new HR management system that integrates a time management system, leave management, employee self-services, employee profiles and a payroll system, which made the HR processes more efficient. Employees can use the system to check their payslip, request leave and update their personal particulars.
Our Next Generation HR programme of work asserts that a continuous improvement approach is vital if HR is to truly add value and create a robust organisation. More specifically, HR needs to ‘answer two big questions at any given time. How fit for today is this business? And how fit for tomorrow is it? HR professionals are not simply slaves to the processes, history and client expectations that they encounter. Instead they build an agenda unique to their context, business-focused in its feel and balanced between the needs of today and tomorrow’ (Sears 2011).

What has become apparent during the consolidation stage is that it’s the intangibles such as knowledge-sharing, the organisation culture and employee engagement that require attention. For example, working as ‘one organisation’ is critical. If the organisation is to transition further, these issues need to be addressed.

In 2008, Atlas’s attention also focused on internal communication. Up until then the leadership team was able to be ‘on the ground’ most of the time and were in-store two or three times a week. However, as the workforce continued to grow, and more showrooms were opened, this face-to-face contact became harder to maintain.

The company already had a fairly young employee profile, and between 2006 and 2008 a significant number of young retail staff joined the company. Atlas embraced social media channels to supplement face-to-face communication. For example, a closed Facebook group was set up for Atlas staff and the CEO, Michael Tien, actively posts information and updates on this site to be read by the whole company.

At Home-Fix, in 2009 communication between the senior managers and the workforce, as well as between the retail outlets, became a focus for attention. One of the initiatives to encourage cross-organisation communication and understanding of each other’s roles was to encourage head office staff (including HR) to help out on the shop floor for two or three days during the busy festive season and also during stock-taking. This helps to improve general understanding of the wider business and the problems faced, as well as there being more staff available to help customers at busy times. For HR in particular, a wider business understanding helps them to design policies which are appropriate for both business and employee needs.

In addition, employees’ expectations of the employment ‘package’, including engagement and retention drivers, are changing. In the early stages of an organisation, people tend to be strongly engaged with the organisation, what it stands for and the founder themselves, enjoying a large degree of face-to-face time with them. However, by the established organisation stage, different engagement drivers emerge, such as having a career path (there may now be fewer opportunities for internal progression), having an engaging manager and the same competitive reward package typically offered by larger organisations.

At the CIPD we use the term ‘locus of engagement’ to refer to what people are engaged with. People’s locus of engagement will change as the organisation changes and transitions, and will require persistent HR attention. (For further information about ‘locus of engagement’ and a practical tool, visit cipd.co.uk/research)
Stage 4: established organisation

Further cementing a focus on the long-term performance of the organisation, during this stage more HR attention is paid to internal factors and external macro trends which could affect the organisation, both now and in the future.

As our Next Generation HR research found, it is through having a deep understanding of your organisation’s unique context, including an extensive knowledge of the market in which it operates, the business strategy and the capabilities or weaknesses of the organisation, that it is possible ‘to bring to bear a unique insight into what is most badly needed to drive short- and long-term performance’ (Sears 2011).

Internally, the organisation culture, engagement and cross-function collaboration become even more of a significant focus.

In September 2011, all of the supervisors across the 14 Mothercare Singapore stores were invited to attend the advanced certificate-level training. An added advantage of the supervisors attending the training course together is the opportunity for them to share knowledge, ideas and learning. Now the cohort keeps in touch and calls each other if a problem arises that they need help with. The executive team were keen to help the cohort retain these valuable connections and encourage the supervisors to combine their operations meetings with a lunch where they are invited to share their success stories and learn from each other.

HR needs to be scanning for, anticipating and responding to external opportunities and challenges in a timely way.

At Home-Fix the HR manager’s attention is focused on three key HR challenges. The first is a demographic one: ‘Every company in Singapore is facing a shortage of staff for all levels of job position. In Singapore we have full employment and the birth rate is decreasing. We have close to 1 million foreign workers from all over the world. This challenge means we need to keep looking at how we better retain and motivate our staff.’

The second concerns diversity: ‘We also need to better manage diversity, looking at how the different age groups (mature staff versus younger staff) and local and foreign staff work together as a team in the company to meet our customers’ needs.’

And third, engagement: ‘We believe employee engagement can help HR and our managers understand employees’ needs and expectations. Employee engagement can provide valuable inputs for HR to design an effective reward system to engage and motivate our staff to go the extra mile.’

It is vital that the HR strategy remains closely aligned to the business strategy, facilitating the organisation’s long-term goals. Likewise, the organisation’s vision and values need to be the golden thread through all practices and approaches, including reward. A total reward package is common, with attention focused on financial and non-financial rewards, including job enrichment and talent development.

Also in the established stage, all of our four case studies focused on career development and succession planning.
As Jason Marine continues to grow, there will be more opportunities for internal career development and the company is keen to develop people now so they can move into new roles that will be created through Jason Marine's expansion. The HR adviser and manager's research has shown that, 'based on the surveys we have done in the past, salary needs to be competitive in the market, but they [our people] don’t expect the salary of an MNC. They do look more towards having career development and about where will I be in maybe two to three years’ time?'

Joseph Foo, founder and chairman, explains that, 'we need to enable our key staff to see where they could be five years from now. It's the responsibility of all our leaders to develop their successor. If we progress higher, we need to make sure there is somebody to take over the positions that we are currently holding, because we can’t move up if there is no one to take over our role. We are looking at key people and key positions and how we can fill them over the next three to five years.'

With its current size and diverse operations, Home-Fix is able to not only offer upwards career progression opportunities, but also sideways moves to different areas of the business. The HR manager keeps people informed about vacant roles.

Low Cheong Kee, founder and managing director, explains: 'As a retailer we understand that to lose people and to recruit again is a very expensive process. We need to keep continuity and consistency and so as much as possible I would like our guys to stay and grow with the company. In the past 19 years we have opened lots of outlets, but we have also diversified into other things. We have a security arm that does camera and access systems and a home improvement solutions subsidiary company, and so this gives an extra opportunity for our people. If someone thinks that retail is no longer for them and they would like to be a sales manager instead – I am open to it. We have deployed one of our area managers to Home Improvement Solutions as a business development manager as part of career advancement for him.'

And finally, at this stage of transition there is also a noticeable shift in our case study organisations from management training to leadership development.

As part of succession planning at Atlas, attention is given to the personal development of senior managers. All of the senior managers were invited to study for their master's degree programme, including the CEO himself, with the aim of broadening their current thinking and perspectives. The company needs leaders who will be ready to take over from the CEO when he retires, and as the business continues to expand, leaders will be needed to head up new business units.

At Mothercare Singapore, leadership development is a priority over the next year, identifying the capabilities of great Mothercare Singapore leaders. Consultants will be engaged to help train senior leaders on soft skills as well as coaching, budget planning and target-setting. 'We’re planning for expansion and I need to look at how I’m going to develop my staff to be able to fill leadership roles in the future and bigger regional roles as well.' executive director
At a glance: the stages of SME transition

**Entrepreneurial edge** | **Inflection point** | **Emerging enterprise**
--- | --- | ---
**Summary of the phase** | In this start-up, entrepreneurial phase, people management issues are dealt with by the owner/entrepreneur, with no formal HR role. The organisation is characterised by informality with an emerging strategy, fluid structures, flexible job roles and tacit knowledge exchange. | This phase is characterised by formalisation of the organisation’s structure and introduction of processes. However, flexibility is still important. With people and performance issues becoming salient, HR processes and procedures are introduced to guide work. However, HR tends to be transactional and reactive at this point.

**Systems and processes** | Absence of systems and processes | Operating on tacit knowledge means consistency of output is an issue. | Introduction of systems and processes

**Resourcing and talent** | Talent contingency: ‘there are key skills we need to buy in to get this business off the ground’. Need to recruit operational people quickly as business takes off. | Talent immediacy: ‘we need to recruit operational people quickly’.

**Reward** | Contingent reward: emphasis on salary side of reward, with the rate for the job decided by owner. With different employment arrangements, pay may be ad hoc and risk-based. People desire more certainty as the organisation grows. | Consistency of reward: a formal reward structure, with pay bands set for consistency and to be able to control pay costs. Benefits may be introduced.

**Learning and development** | Experiential learning: people learn through doing and refine approaches to suit the context. Speed and consistency of training for operational staff becomes paramount. | Foundational L&D: acting on immediate development needs and formalising tacit knowledge and skills.

**Vision and values** | Owner’s vision and values drive practice: the owner/leader’s vision for the organisation and personal values guide both the ‘what we do’ and the ‘how we do it’. The owner/leader is not able to uphold the values and promote the vision along with a larger workforce. Championed vision and values: employees who have worked for the organisation from an early stage in its growth become informal ‘champions’ of what the organisation stands for. | Emergent vision and values: prioritisation and alignment of the values of the organisation to the values of the workforce. Teams are expanding to accommodate future growth.

**Engagement** | Intrinsic engagement: people are engaged by the entrepreneurial and challenging nature of the business and a desire to succeed. The entrepreneurial ‘draw’ becomes diluted as the organisation grows. | Chaotic engagement: engagement still rests on the owner/leader’s personal touch, and their vision and values. However, more attention is paid to the need to engage, involve and motivate people.

**Organisation and job design** | Flexible job roles within a loose structure: ‘everyone mucks in to get the job done’. | Chaotic operations with duplication of effort. Functional formation: organisation structure is introduced with defined job roles and team structures emerge.

**Communication** | Informal communication: face-to-face and ad hoc. Personal interaction with the owner/leader becomes less frequent, making communication sporadic and inconsistent. | Planned communication: more formalised and scheduled communications. Largely still face-to-face and two-way, supplemented by technology.

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**Inflection point** | **Consolidating organisation** | **Inflection point** | **Established organisation**
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**Summary of the phase** | This phase is characterised by reflection and improvement. With the business strategy tending to be more planned, a more strategic HR approach is required, ensuring practices support achievement of the organisation’s long-term goals. | This phase is characterised by a focus on the long-term health of the organisation. HR attention concentrates on both the internal context (such as the culture, engagement and internal collaboration) and the external context, to ensure practices and approaches support business aims and are aligned to the vision and values.

**The organisation may have become process-heavy, curbing innovation and autonomy.** | Process improvement and system refining: a focus on simplicity and efficiency. Systems and processes may no longer suit the organisation size, reinforcing silo working. | Total reward: a more integrated approach to reward which includes non-financial elements. Aligning with other areas of HR.

**Unplanned hiring can lead to a bloated and fat organisation.** | Talent planning: planning resource, aligned with organisation values and long-term needs. Employees desire the clear career path offered by large organisations, with implications for engagement and retention. Talent development: succession planning and perhaps specific talent programmes.

**Identification with the business and emotional attachment to its success becomes diluted through growth.** | Sophisticated reward: a more strategic approach, aligned to the organisation’s goals. Mechanism to promote engagement introduced or refined, such as performance-related pay or profit-sharing. | Total reward: a more integrated approach to reward which includes non-financial elements. Aligning with other areas of HR.

**Tensioins between reward expectations of ‘old hands’ and new recruits which need to be resolved.** | Future-focused L&D: looking at long-term skills requirements and a focus on both multi-skilling and management development. L&D is driven by the HR function and managers with little employee engagement. | Generative learning: a learning culture is created. A focus on management development shifts to leadership development.

**With even less personal contact with the owner/founder, and ‘champions’ operating on an informal basis, the values may become diluted and the vision blurred.** | Formal articulation of vision and values: formal expression of the vision and values in a way that allows employees to interpret ‘what do I need to do and how do I need to do it?’ | Engagement drivers continue to change as the organisation changes. Having a career path with the organisation becomes a key engagement driver. Embeddied engagement: a holistic view of engagement develops, with attention focused on both engagement drivers (including intangibles such as the culture and management style) and outcomes (including what people are actually engaged with).

**The distance between the owner/leader and employees increases as the organisation grows, and the level of formality introduced further erodes the initial entrepreneurial driver of engagement.** | Systematic engagement: engagement activity is more planned, with managers playing a vital role in engaging their teams. Engagement surveys tend to be introduced to ‘take the temperature’ of the organisation and guide action. | Engagement drivers continue to change as the organisation changes. Having a career path with the organisation becomes a key engagement driver. Embeddied engagement: a holistic view of engagement develops, with attention focused on both engagement drivers (including intangibles such as the culture and management style) and outcomes (including what people are actually engaged with).

**Too-prescriptive job roles can stunt agility and innovation.** | Enabling job roles: clear job roles which strike the balance between functional specialism and flexibility. Current structure will not accommodate future growth and the current organisation and job designs may promote silo working. | An absorbing structure and job enrichment: both support organisation growth and development.

**With a typically larger workforce, face-to-face communication is not always possible, and it proves difficult to maintain a two-way interaction.** | Reinforced communication: messages are delivered through the management layers and using different organisation-wide media (for example all-staff briefings, newsletters, intranet). Mechanisms put in place to facilitate upwards communications. With attention focused on a horizontal communication strategy: horizontal communication between teams and business areas is limited, reinforcing functional divides. | Closive communication: knowledge-sharing and cross-functional communications are a priority, alongside vertical communications.

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17 | Achieving excellence: HR and people management in Singapore SMEs

18 | Achieving excellence: HR and people management in Singapore SMEs
What happens next?

Although ‘established organisation’ is the last stage of SME transition presented in Figure 1, this stage is not the end of the journey! As organisations continue to develop and change, perhaps moving out of the SME definition to become a larger organisation, the challenge of pursuing sustainable organisation performance persists and so the importance of sustaining the organisation’s people, financial, environmental and societal contribution over time needs to remain a top priority for HR.

Two of our major research programmes at the CIPD have examined what sustainable organisation performance means in practice. Shaping the Future (with UK, Irish and Hong Kong case studies) presents ten key insights about what will really make the difference for the long-term performance of an organisation. Next Generation HR is more specifically centred on HR and looks even further forward, emphasising the importance of HR creating a living strategy that responds quickly to macro trends and opportunities. In particular, our Next Generation HR Asia research asserts that through concentrating on four unique challenges (insight, community, purpose and performance), the HR profession in Asia has the potential to overtake current global best practice to deliver uniquely Asian HR strategies that are truly growth-oriented and sustainable.
Insights for practice

From our case study research we suggest six insights which we believe are important to support the sustainable long-term performance of SMEs, with implications for practice. Under each insight we pose questions for you to consider – whatever stage of transition your organisation is in – about whether your current HR practices and approaches are contributing to the long-term performance of your organisation. And there is no one-size-fits-all solution, as the most appropriate courses of action will depend on your organisation’s individual situation.

As mentioned in the introduction to this report, we tested out our six key insights for practice both through our case study research and with local SMEs at various events and forums in Singapore (attended by more than 200 SMEs). The feedback from these local organisations was that the insights largely resonated with their experiences. However, we were careful to also remain open to any new and different findings, and we did uncover some subtle nuances to the insights, which we have incorporated into our explanations of them below.

1 Anticipation is key: readiness and relevance will determine success

To be truly sustainable, it is not enough to just understand the current business priorities and the practices that will enable you to deliver today. Anticipation of the next stage of organisation transition, through having a deep understanding of your organisation’s context, strategy, vision and values, will enable you to revise your current approaches and avoid hitting a ‘crisis point’.

- What is your organisation’s history of change and transition, as well as your future transition scenarios?
- What are the limits and the opportunities of your current HR approach that need to be addressed under these scenarios?
- How will you maintain close relationships with your stakeholders through the different stages of organisation transition, hence preserving your understanding of operational issues?
- To what extent are people in the business actively scanning the external environment to anticipate trends and opportunities?

Atlas is adopting an interesting approach to talent sourcing, creating an external talent bank. They aim to establish an employee outreach programme, with employees visiting institutions and schools as Atlas ambassadors. The senior HR executive explains: ‘we know that recruiting for talent is going to be an issue in years to come so we need to continue to build our employer brand now, making sure people know about us and entice them to want to join us. We know word of mouth is a powerful way to let people know about us as an organisation and our current employees are our best ambassadors. Already many new people join us because of a personal recommendation.’
2 Organisation values and purpose need to be the constant bedrock of the business

Clearly articulated organisation purpose and values set direction and steer the organisation. But if they are not vibrantly ‘part of what we do’, they can become diluted and even disappear over time. Relentless reinforcement is required to preserve the owner/leader’s founding vision and values, which form the bedrock of the organisation.

- How confident are you that employees identify with your purpose and are living your values? How do you know?
- To what extent are your values threaded through your people management processes?
- How will you enable employees to continue to connect with your purpose as your organisation changes and transitions?

The next few years are set to be an especially exciting time for Home-Fix as the company embarks on an ambitious expansion throughout the region. As it continues to grow, the company is determined to remain faithful to its founding values of diligence, integrity and service excellence. It is also essential that customer-centricity remains the guiding philosophy at Home-Fix, continuing to meet and anticipate the changing needs of its customers.

3 Skilful alignment of people management insight with leaders’ aspirations is a critical HR challenge

A deep understanding of the owner/founder’s vision and their expectations of HR’s role needs to be coupled with HR’s detailed diagnosis of both current people management issues and future challenges. HR needs to skilfully co-deliver both of these agendas to achieve sustained organisation performance. The extent of HR’s task will be dependent on the extent of leadership appetite for the more intangible HR issues at different stages of organisation growth, for example engagement and organisation culture.

- How aligned are the HR and leadership expectations about HR’s role? Have leadership expectations shaped your role in a way that inhibits or enhances the potential for HR to support sustainable performance?
- What people management imperatives are on your priority list that are not on managers’, but are essential for long-term performance? And, most importantly, how will you get their ‘buy-in’?
- To what extent are you viewed as ‘a credible business person who happens to know about HR’? How do you know?

As an organisation expands and more leadership and management layers are added, a further challenge for HR is to then ensure managers appreciate the importance of the people management aspect of their role (not just the technical aspects) for the organisation’s long-term performance.

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In May 2011 Hoe Shu Hui joined Mothercare Singapore as the first HR manager. ‘What attracted me to join the company was the executive director’s belief in the importance of good people management. This support made it easier to drive initiatives that I knew were necessary and would support the company in the long term.’

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- To what extent are you viewed as ‘a credible business person who happens to know about HR’? How do you know?

Home-Fix’s graduate programme has been designed with a rotation into HR, which means graduates take HR insight with them into other roles they rotate into. ‘We currently have a graduate working for us who was in an HR department for a year and now she is reporting to me as the business development executive. When I talk to her about franchising and other things, she is able to inject the HR element of it.’ Founder and managing director
4 Simplicity of structure and purity of process preserves innovation and entrepreneurship

The temptation to increase structure and process as an organisation increases in size can result in an overly bureaucratic organisation, both stifling agility and undermining the entrepreneurial spirit on which the organisation was built. Finding the right balance between structure and fluidity is a challenge at each stage of organisation transition, but ultimately the need for processes will be less when organisational values are truly embedded.

- Are your processes and procedures consuming employees’ freedom and autonomy? How often do you evaluate this balance?
- Does the level of trust in your organisation, and the extent your values are embraced, support or prevent having looser processes?
- To what extent do people feel empowered to innovate and drive change in line with business goals?

Hoe Shu Hui, HR manager at Mothercare Singapore, did an audit of the current HR policies and practices in place to identify the priority areas to focus on. One such area was job descriptions: ‘I think that at this stage of the business, some sort of structure and technique needs to be in place, but at the same time we don’t want it to be too rigid. More structure gives the company stability, but we need to still be flexible enough that we can discuss things, make a decision and still make changes to meet business priorities.’

5 Sustainable growth involves striking a balance between preservation and evolution

As the organisation transitions between the proposed stages and the operating context changes, it is often necessary to let go of processes or aspects of the organisation’s culture that no longer support its vision and priorities. Rather than being sentimental about ‘what has always been’, don’t be afraid to bring about change for business improvement.

In 2013, Mothercare Singapore’s attention will focus on business processes and, in particular, automating processes where appropriate and applicable, through systems such as enterprise resource planning and customer relationship management. In the past everything has been on spreadsheets, but automation will increase productivity and accuracy. For example, rather than employees clocking in and out via spreadsheets, the company are looking at investing in thumbprint scanners, as well as new payroll software.

If organisation transition is associated with, for example, an increase in workforce size and the scale and scope of operations, it’s important that attention is dedicated to identifying the aspects of your organisation you want to retain as you grow. Selfish retention of a ‘one organisation’ mindset, characterised by knowledge-sharing, cross-functional working and being close to the customer, is vital for sustainability. It is these attributes of SMEs that larger organisations can strive at great cost to embed.

- Which parts of your culture are truly adding value and which have become part of ‘the way we do things round here’ but may undermine achievement of business priorities?
- When was the last time you dropped a process that was no longer appropriate for your organisation?
- What are the advantages of being your current organisation size that you don’t want to lose?
- How do you maintain employees’ engagement with the business through organisation transition?
6 Look beyond immediate operational issues and take the opportunity to lay the organisation’s cultural foundations for the future

When presented with an issue, putting processes in place may solve it in the short term. However, it is important to consider whether a process-driven response alone will support the longer-term goals of the organisation. With each presenting issue there is a golden opportunity to look beyond immediate solutions and build on the organisation’s cultural foundations. For example, when putting recruitment processes in place, there is an opportunity, at the same time, to make sure you are defining ‘cultural fit’ and identifying long-term skill requirements as well as the immediate technical skills needed.

- How often do you put a process in place and then move on to the next challenge?
- And when did you last put a process in place without considering if it was the right thing to do for the organisation in the long term? Did the process truly address the underlying issues?
- Thinking about a current issue in your organisation, what are the opportunities for going beyond process to develop the organisation’s culture?

Serene Tan (HR manager at Jason Marine) explains, ‘In the past, we focused more on the competency interview rather than the values. But we see that we have a unique culture and need to recruit the right person for our culture and values. This approach also helps retention so we can hold onto our key talent, making it easier to move forwards, rather than having a high turnover which chastises operations.’

Home-Fix have been creatively looking ahead and considering their long-term skill requirements, making learning and development an embedded part of their culture.

By 2011, Home-Fix staff had been undertaking the WSQ (Workforce Skills Qualifications) national credential training created by the WDA (Singapore Workforce Development Agency) for quite a few years. The company decided it would be beneficial to become a retail WSQ in-house approved training organisation so that employees can complete the training in-house at Home-Fix. When staff have completed the training to the correct standard, Cheong Kee (founder and managing director) issues them a certificate bearing the ATO and WSQ logos, which are recognised across the retail industry.

In addition, because in a retail environment it can be difficult for store managers to release shop-floor staff for training, Home-Fix decided to invest in an e-learning approach, making training more flexible around employee and business needs. Home-Fix took part in a pilot programme, ‘HEARTWARE: The Game’ that involved providing five stores with a tablet loaded with training applications. Sales in the pilot stores increased by 4.3% a few months after the training programme was launched.

2006 was a particularly exciting time for Atlas, with three further showrooms opening at Millenia Walk, Builders Centre and Plaza Singapura. However, with growth came the accompanying challenges of how to ensure the culture of each location was consistent with the founding vision and values of the company.

When a new showroom was opened, a senior person in the organisation, who understood the principles of how the company operates and the high standard of customer service that was required, would be asked to lead the new team.

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Summary

In summary, it is clear from our research that HR and effective people management have a vital role to play in driving long-term performance in Singapore SMEs, whatever stage of organisation transition they are at. More specifically, it is through identifying the current stage the organisation is in, and then anticipating and responding in a timely way to opportunities and challenges presented at inflection points, that HR professionals and others responsible for people management in SMEs can help drive sustainable organisation performance.
Appendix: Case studies

**Atlas Sound and Vision**

Atlas was first established in 1964 as a record library on Market Street, Singapore. The founder of the company, Mr A B Tien, then branched out from the record library business into offering advice for sound systems, and eventually to providing premium equipment for quality sound. In August 2003, his son Michael Tien took over the helm of the business.

With several retail stores conveniently located around Singapore, Atlas provides audio visual entertainment to homes, as well as premium audio visual solutions to businesses. Its aim continues to be to advance its leadership in providing quality sound and vision by creating extraordinary and lasting experiences for customers.

**2003**

This case study starts in 2003 when Michael Tien took over the family business from his father as the second generation owner and CEO. With the company’s long-term stability and growth at the front of mind, his intention was to move the company from a family-run business to more of a corporate-type entity. He therefore needed to build up certain functions which he didn’t have before, which included marketing and HR.

Michael Tien’s father had previously taken responsibility for marketing activity, so when Sherwin Siregar joined Atlas as a marketing executive in 2003, he was the company’s first marketing professional. From there he progressed within the company to become deputy CEO, currently directly overseeing both marketing and HR.

Sherwin reflects back to joining the company in 2003: *That was an interesting time. We were about 33 people, so I was the 34th member of staff. Atlas was already a successful retail business with a strong sales team, a strong project team and one or two admin and account staff. But we didn’t have HR and we didn’t have marketing. I joined the company as a business graduate and the company supported me to study for a marketing communications diploma. That is one of the hallmarks of Atlas – that they are willing to invest in people to meet certain gaps in the business.*

Personal development is something Michael Tien firmly believes in and has become part of the employee value proposition at Atlas. He personally invites people to attend sponsored courses and at any one time about 10% of staff are on some form of company-sponsored academy programme, whether it be at the diploma, degree or master’s level. He has always been conscious of the need to keep an eye on skills gaps as well as develop future talent and the next generation of Atlas leaders.

Unusually, after completing a course, people are not bonded to the organisation. Instead, Michael asks them to support the succession planning efforts by investing their time in training someone to be ready to take over their role. On the whole, staff do tend to stay with Atlas after completing their qualification, and this no-retainer policy sends a clear message to staff that they are being sponsored because they are talented employees, rather than to tie them into a contract.
The academic courses tend to be offered to people after they have been with the company for two to three years, know the ropes and know if they want to develop their career with Atlas. However in 2003, training for new hires and staff with less tenure tended to be mostly on the job as Sherwin explains: ‘it was an apprenticeship-type practice. For the first three months a retail new hire spends time in the showroom and watches and observes how other members of staff interact with customers. They gradually start to increase their contact with customers when they are ready.’

In terms of dealing with other people issues, sending job offer letters and recording annual leave was the responsibility of the CEO’s personal assistant. Heads of departments were responsible for hiring with the CEO approving hiring numbers and remuneration.

‘Hiring wasn’t a formal process, it wasn’t structured at this point. The major thing was whether they could fit in the organisation. We looked for people who were capable and who had customer service aptitude, and there was a strong premium on loyalty and honesty.’ Sherwin Siregar

Although Michael was keen to professionalise the core business functions, he wanted to retain Atlas’s strong family values on which the business was built. He is a pro-family man and a believer in the importance of work–life balance. The company therefore offers flexi work hours and benefits such as ‘flexible family care leave’ is extra leave on top of the annual leave entitlement to enable employees to take care of their dependants. There are also events organised that employees are invited to attend with their families.

2006
At this time the company had 50–70+ employees.

This was a particularly exciting time for Atlas, with three further showrooms opening at Millenia Walk, Builders Centre and Plaza Singapura. However, with growth came the accompanying challenges of how to ensure the culture of the each location was consistent with the founding vision and values of the company.

When a new showroom was opened, a senior person in the organisation, who understood the principles of how the company operates and the high standard of customer service that was required, would be asked to lead the new team.

When opening new stores, looking first at recruiting from within and giving people the opportunity to grow with the company, has always been important. However, Sherwin also recognises that sometimes it is necessary to recruit externally if a different skill set is required. ‘Being an SME, promotion opportunities aren’t that frequent, so if we have a new opportunity, for example when we’re opening a new showroom, we look to see if there is anybody internally for the role. When we expand and open a new showroom we try to pick our most senior sales person and promote them to give them the opportunity of running the new showroom. However, sometimes we need to look outside for someone for new roles, as with the analogy, just because you are a good footballer it doesn’t mean you will want to be a good football team manager.’
With continued business growth, the CEO was determined that Atlas’s core values (passion, integrity, respect and excellence) remained the essence of everything the company did. He knew that staff needed to buy in to, and truly believe in, the company and its vision and values, in order to achieve sustainable business growth.

Although the business had been trading for 43 years, at this point in time the vision and values of the company hadn’t been formally articulated. The danger was that they would become diluted over time as the workforce continued to expand.

‘When the company was smaller it was easy to get the feel of the values because you saw the founders, who were basically the living values, on the shop floor every day; you got it by “osmosis”. But as we grew we realised we needed to articulate a succinct vision for our organisation and crystallise our values. We did a lot of communicating externally but we needed to do internal branding.’ Sherwin Siregar

An orientation programme was established which every new employee attends on their first day of work. They are briefed on what the company does, its vision and mission, as well as learning about the structure of the organisation. The values are also an integral part of this on-boarding process.

At this time the company had 70 employees.

The workforce was continuing to grow but at the beginning of 2008 there was still no formal HR professional to address the workforce issues that were emerging around how to manage performance and to promote communication and knowledge-sharing between locations, to name just two issues.

At this time the Singapore Government were launching initiatives to support SME growth through helping them to develop their people management capability. Atlas was invited to take part in a programme the Government was running focused on HR capability. It was a self-help DIY toolkit for small businesses which looked at issues such as manpower planning, recruitment, compensation and performance management.

Sherwin explains, ‘that’s when I realised you really need somebody who knows what they are doing to do the HR role. It is not something you could just do in your spare time. I decided that I really needed to hire an HR person and so I hired an individual who had nine years’ experience and was doing his bachelor’s degree in HR part-time. We needed to formulate clear policies and review the various components of HR.’

In mid-2008 Sherwin recruited Mark Lee, an experienced HR executive. With Mark’s appointment, and the company continuing to actively engage with the Singapore Government’s schemes to assist SMEs, 2008 became a period of significant change for Atlas. At this point there was a marked shift from a more basic and ad hoc people management approach to strategic HR, with HR practices clearly aligned to achievement of the overall business strategy and reflecting the organisation values.
Recruitment and selection
Following on from the learning in the HR capability programme, one of the first tasks Mark undertook was to design a robust recruitment and selection approach. Now that responsibility for hiring was devolved to department managers, some guidelines were needed to ensure a consistent hiring approach across the business. Prospective employees ideally need to demonstrate job competencies, but more importantly it is essential they have the right attitude.

‘When we are recruiting we believe it is more important to hire someone with a good attitude even if they don’t currently have all the skills needed. We are willing to hire someone and give them the training they need if they have the right attitude and identify with our values.’ Sherwin Siregar

With Atlas’s policy of promoting from within, most of the department managers have personal experience of the roles they are recruiting for and are therefore able to ask prospective employees specific questions to gauge whether they have the required competencies.

To help managers assess the candidate against Atlas’s core values, HR developed a set of questions which reflected Atlas’s vision, mission and values. (For example they are asked to recall a time when they have demonstrated integrity and respect.) There are also some scenario-based questions designed to surface how passionate the candidate is about Atlas and what it stands for.

To support recruitment, attention was also given to the content of job roles. At that time only a few roles had job descriptions, and they had not been updated as the roles had evolved over time. Mark worked alongside the heads of department to write job descriptions and it was then the heads of departments’ responsibility to keep these updated as roles in their teams evolved.

Performance management
A major task for Mark was to set up a performance appraisal system which in turn could inform the training and development plan. In the past, the senior managers had taken responsibility for planning training and development and looking at individuals’ career plans. Given the size of the workforce, and subsequently the number of direct reports senior managers had, this approach was no longer possible and the responsibility was devolved to line managers. Line managers are ideally positioned to understand employee aspirations and examine the development they need to achieve their full potential.

Akin to their other HR processes, Atlas ensured their performance appraisal process was underpinned by their values and mission. They are also keen it remains a constructive and positive discussion, as Mark Lee explains: ‘In many companies, performance appraisals are tied to a scoring system which is then linked to your remuneration. The appraisal process can be very stressful for both the manager and the employee and sometimes when the employee has an issue, or the manager has an idea about how the employee can improve, there can be a defensive attitude.'
At Atlas our performance appraisal system has only one objective: to improve the performance of our employees. We don’t tie it directly to our compensation system. It is an open discussion where both the manager and the employee can speak freely with one another and point out areas of improvement. Of course they are encouraged do this during the rest of the year, but this is an especially good time as they have a dedicated opportunity to freely speak up. Most importantly, they get to talk about the next step for them in their career as well as about their current performance.

The appraisals provide useful insight into employee aspirations and provoke thinking about how the company can help them to achieve these. Line managers write a record of their discussions with their team members and this information is fed back to both HR and the three senior leaders (the CEO, vice CEO and vice COO). So as well as HR compiling a summary sheet of staff feedback, aspirations and training and development needs which can then feed into a training plan, the senior leaders are able to get a feel of what particular departments and employees need.

Most of the managers had never conducted this kind of face-to-face conversation about performance and development with employees before. HR therefore developed and conducted some training sessions, explaining the objective of the performance appraisals and what it is all about. The feedback to HR from the first year of appraisals was that it had taken longer than the required time to document the conversation because there was so much to share, which reflected the importance both employees and managers attached to this process.

Internal communication

In 2008, attention also focused on internal communication. Up until now the leadership team were able to be ‘on the ground’ most of the time and were in-store two or three times a week. However as the workforce continued to grow, and more showrooms were opened, this face-to-face contact became harder to maintain. The company already had a fairly young employee profile, and between 2006 and 2008 a significant number of young retail staff joined the company. Atlas embraced social media channels to supplement face-to-face communication. For example, a closed Facebook group was set up for Atlas staff and Michael Tien actively posts information and updates on this site to be read by the whole company.

At this time the company also reviewed another key internal communication channel. Since 2003 the company has held a town hall meeting called ‘Alignment Day’ at the beginning of each year. As the company was still pretty small at that time, it was easy to also call people together on an ad hoc basis throughout the year. But since 2003 the workforce has grown and it has become necessary to schedule formal town hall meetings more frequently in diaries in advance. From 2008 town hall meetings were held three to four times a year. At these events Michael speaks to the whole company about Atlas’s vision and mission and discusses any significant changes to the business. This is also an opportunity to recognise staff who have performed exceptionally well and delivered great customer service. One of the town halls is held on the same day as the annual staff dinner and dance.
Remuneration
Pre-2008, all front-line staff were salaried, without a commission component to their pay. Although this practice wasn’t common in the industry, Atlas felt that offering commission may encourage behaviours which were not in line with the organisation’s values. For example, staff may feel under pressure to close a sale any way they could, such as with a hard sell or being protective of the customer. Michael Tien wanted individuals and departments to work together to deliver the best possible customer service.

However, in 2008 the decision was taken to introduce a new pay structure with 15–20% of a retail worker’s pay becoming a ‘sales incentive’. The sales incentive is similar to a commission pay model, but Atlas adopted different terminology to reflect the fact that the sales incentive is based on both team and individual effort. It is dependent on how well the group serves the customers, as well as the individual. The sales incentive part of the pay structure is still at a lower level than the commission offered by other companies in the industry. The company are keen to help people feel motivated, but at the same time to preserve the core values of the business, encouraging the right behaviours.

Learning and development
Since 2003 training had taken place on an informal basis, but at this point it was clear that a more joined-up approach was needed, guided by a training needs analysis. Over the next year, a more rigorous approach to training and development was fostered which aligned staff development more clearly to business need.

It was important that this new approach to staff development was tightly linked to the performance appraisal process, with managers having good conversations with staff about their personal development needs. Intelligence gathered from the performance appraisals then informs the training needs analysis.

2009
Atlas actively participated in the Customer-Centric Initiative (CCI) programme, which helps companies to strive for service excellence. It is led by SPRING Singapore.

The whole of Atlas was involved in the programme as it was vital that all departments were geared towards achieving service excellence. HR had a key role to play, both in training staff and ensuring HR policies and processes supported a culture of great customer service. HR developed two workshops for staff as part of this CCI programme and a third is in the pipeline.

The first workshop focused on how delivering great customer service is dependent on the contribution of every individual in the business. All employees were required to attend, from all departments. Mark Lee explains that, ‘the workshop outlines what great customer service looks like and the importance of teamwork in achieving it. There is a very impactful scenario in which employees need to deal with an angry customer. They are able to see the reality of poor customer service and how not following the right
A second workshop was designed for staff in retail and sales roles which builds on the learning from the first workshop. The aim is to help staff to recognise the different characteristics of different customers and then, based on those characteristics, to decide how they should present the information about the products to the customer in the most helpful way.

Planning for a third workshop is under way. This one will introduce staff to customer psychology. ‘With the suite of the three workshops, we will be able to provide the customer with a great experience with Atlas.’ Mark Lee, Senior HR Executive

As part of the CCI programme, it was necessary to examine policy and process to make sure they were aligned to the overall objective of delivering great customer service. The HR team therefore examined the Atlas people processes to ensure they were aligned to this objective, starting with the performance appraisals process. Personal objectives now needed to be directly linked to the overall business objectives, including customer service aims.

In this second year of doing the performance appraisals, the importance of having a clear line of sight between individual objectives and the wider business goals was reiterated. Reflecting on game theory, Michael Tien talks about the importance of employees clearly understanding how the process works, enabling them to perform well and hence ‘win’.

In other words, if people understand the business’s aims as well as how they can personally contribute to them, they are more able to achieve their objectives (‘win the game’) which ultimately creates a ‘win–win’ situation for both employees and the business.

As part of the performance management process, supervisors and managers evaluated staff in terms of how well both they and their team are demonstrating the desired values and behaviours. In addition, senior managers were encouraged to look out for examples of the core behaviours in action and formally recognise staff who were living them.

2010
ATLAS opens an audiovisual boutique at TripleOne Somerset.

In 2010 HR attention focused on making the new approaches and processes part of ‘business as usual’ at Atlas and ensuring managers had the support they needed to effectively implement them.
2011
Atlas opens Loewe Gallery at Palais Renaissance.

As part of succession planning, attention is given to the personal development of senior managers. All of the senior managers were invited to study for their master’s degree, including the CEO himself, with the aim of broadening their current thinking and perspectives. The company needs leaders who will be ready to take over from the CEO when he retires, and as the business continues to expand, leaders will be needed to head up new business units.

Middle managers in the retail part of the organisation continue to undertake diploma and degree programmes to equip them with the necessary skills to be able to continue to climb the career ladder.

In 2011 further thought is given to the career development options offered to employees. In a small organisation it can be the case that although you have great people who are ready for career progression, there are often no roles to move into. At Atlas, when people have completed their training, it is not just upwards moves that are considered for them, but also horizontal moves. In fact, horizontal moves are essential to be able to move into the most senior positions as they provide a wider view of the business. For example, the current head of logistics is originally from the retail department. As well as giving future leaders experience in different parts of the business, horizontal moves enable knowledge transfer and better collaboration between departments.

2012
Atlas joined an innovation programme, partially sponsored by the Singapore Government, which will help them to strengthen their innovative capability as well as embracing a continuous improvement philosophy. Department heads were invited to attend a five-day workshop which was spread across a few weeks.

As part of this workshop, the department heads needed to identify an issue or a need in the business and then come up with a solution. They identified the staff orientation process as an area that could be improved and developed a video which could be shown to new hires on joining the business. It is intended to inspire people about the company and encourage them to come on the Atlas journey. The video includes testimonies from current employees about what it is like to work at Atlas, how the business works and the vision and values.

Phase two of the Customer-Centric Initiative programme also began in 2012, which included a section on innovation and supported existing activity. A two-day workshop for all staff was developed to help people engage with the customer service values (which sit alongside Atlas’s core values). The workshop is run internally; for example, a showroom manager, the marketing executive and the distribution executive, who are all trained to be trainers, came together to run a two-day workshop for new hires and a one-day refresher workshop for existing staff. To help embed the learning, the workshops are supplemented with coaching on the job. The train-the-trainer philosophy means Atlas can continue to deliver the training as new staff join the business at no extra cost, and can tailor the workshop to reflect the company ethos.
Atlas Sound and Vision (continued)

Looking ahead

Atlas is continuously looking at how they can improve their ability to engage their staff, in particular how they can balance the needs of younger and older employees. ‘The way young people in Generation Y process information is different and they communicate differently so if you want to have high levels of engagement, you need to think about how you do that. And at the same time we have staff who have been with us for 35 years so we need to make sure that we don’t evolve to be “with the times” and in doing so disengage or lose touch with those people.’

Training is another HR area that Atlas is looking to strengthen. One of the retail managers became one of the chief trainers in the company and he will now be moving into a role in the training department. This move will continue to reinforce the importance of training and development and mean there is an extra resource to help further develop the staff development curriculum and coach managers on effective people management. This move also helps to free up Mark, the HR manager, to take on more of a business partner role.

Succession planning is an issue on the deputy CEO’s mind. In particular, what further exposure and what training do potential successors of senior roles need? Sherwin gives an example: ‘I don’t oversee marketing any more as that function reports directly to the deputy COO to give him experience of and exposure to that area of the business. In turn, I now oversee the finance department as that is an area I need practical experience of.’

In turn, senior managers themselves are encouraged to think about what development their staff need to ensure they are being prepared for the next step up in their career.

And succession planning within HR itself is also a consideration. When Mark joined the organisation in 2003, he was responsible for HR operations. After a few years in post he moved into a training and development role and a new person was recruited to take over HR operations. As the organisation grows, another person will be needed in HR within the next few years. In preparation, Atlas has offered an HR scholarship to a student at one of the local universities in Singapore and sponsors them to work as an intern in the company during vacations. When they graduate they will join the company on a full-time basis.

Going forward, Atlas is adopting an interesting approach to talent sourcing, creating an external talent bank. This year they aim to establish an employee outreach programme, with employees visiting institutions and schools as Atlas ambassadors. Mark Lee explains: ‘We know that recruiting for talent is going to be an issue in years to come so we need to continue to build our employer brand now, making sure people know about us and entice them to want to join us. We know word of mouth is a powerful way to let people know about us as an organisation and our current employees are our best ambassadors. Already many new people join us because of a personal recommendation.’

Information provided by: Sherwin Siregar, Deputy CEO, and Mark Lee, Senior HR Executive.
Established in 1993 by the Low brothers, Home-Fix is a family-run DIY home improvement retail chain. Low Cheong Kee and Low Cheong Yew currently have 23 outlets in Singapore, employing 200 staff, as well as 11 outlets in Malaysia and one in Jakarta, Indonesia.

The business is built on a foundation of customer-centricity and the business has evolved and changed over time in anticipation of changing customer needs. The Low brothers can be credited as one of the pioneers in shaping the local DIY retail sector as we see it today.

**A family business with humble origins**

In the 1960s, Cheong Kee’s grandfather opened a shop in Geylang Serai, Singapore, called Chop Tian Seng Hardware, which sold firewood and charcoal. Cheong Kee’s parents took over the business in the early 1980s. This was a period of transition for the business as there was a building boom, and people were moving into high-rises with gas facilities, meaning a decline in the demand for charcoal and firewood. Cheong Kee’s parents needed to make a shift in the nature of the business to reflect the changing context and diversified into supplying tools and hardware for contractors.

After national service, Mr Low Cheong Kee started working in his parents’ hardware shop with the intention of learning the family business to take over (as the third-generation retailer) when his parents retired. He started to make incremental changes to the way the business operated, gradually moving away from the traditional operator-centric approach to business (with no price tags on goods and only the owners knowing where stock was kept) to a customer-centric approach. However, ultimately Cheong Kee envisaged running a different kind of business, with a different business model, new products and the customer at the heart of it.

**1993**

This was the year that Low Cheong Kee and Low Cheong Yew established Home-Fix. At first, Mr Low ran the shop on his own, with his younger brother, Cheong Yew, being a 50:50 partner in the company. He applied the learning he had acquired from working in his parents’ shop to this new business.

The first thing they did was to concentrate on adopting a truly customer-centric approach to the business, including creating attractive product displays and having set prices which were displayed on product tags.

Cheong Kee reflects, ‘from my earliest days, the inspiration and impetus for starting Home-Fix was brought on by wanting to make the store experience more customer-friendly. This eventually led to a customer-focused store concept that remains one of the key elements of our brand today. A loyal and robust customer base has helped us weather economic upheavals and competitive pressures.’

Anticipating and responding to the external context was key to the brothers’ success. Getting to know their customers well helped to ensure the brothers kept in touch with changing customer needs. Ultimately they wanted to be proactive, leading the way in the market, rather than reactive.

In 1993 labour was cheap and demands were plentiful, and there were a lot of contractors available for hire to do building and home improvements who would purchase Home-Fix products. However, at that
point the general population were not interested in buying DIY goods, which led the business to diversify into gardening, decorative products, lifestyle and wellness products such as water filtration systems and cleaners, and outdoor living products such as barbecues, tents and outdoor furniture.

Over time the business continued to diversify, evolving to stay relevant and respond to the needs of the customer to become the modern DIY homeware and improvement provider we see today.

1995
Cheong Kee got married and his wife Erica decided to leave her teaching job and work full-time in the family business. All of the Low family worked long and hard to make the business succeed – their flexibility and agility was fundamental to their success.

1996
A second shop was opened in Tanglin Mall. Keen on expansion and wanting to create a healthy business to pass on to future generations, Cheong Kee and Erica Cheong Yew set themselves a target to open one shop each year.

The first non-family member of staff was hired to work in the new shop six days a week, together with Cheong Yew. As partners and owners of the business, Cheong Kee and Cheong Yew still worked seven days a week, 10am to 10pm.

1997
A third shop was opened in 1997. Two more full-time staff were hired to work in the first two shops to enable Cheong Kee and Erica to devote their time to establishing the third outlet. That shop was within an IKEA store and really took off, which gave the business a huge brand and sales lift. Many of the IKEA customers were the young people in Singapore who constituted a large proportion of the new home owners, and so the business did very well in that location.

It was at this point that Erica took on the role of HR manager. One of the first things she did was establish a more structured pay system as previously everyone had been paid in cash at the end of the month. Cheong Yew developed a spreadsheet for calculating salary and overtime pay and Erica ran the payroll each month.

Hiring the right people into the business was a critical success factor and so Erica also took charge of recruitment. Although the processes adopted at this time were still quite elementary, they suited the business at that point. Erica held initial interviews with job applicants and then Cheong Kee conducted the second-round interviews. They looked for people who had a strong work ethos and were looking for a company they could grow with.

Cheong Kee explains, ‘there are always three conditions that I make clear to people. The first thing you must do is serve the customer, and to do this effectively you must learn all the products and give the right advice. The second thing is you must be willing to squat down and put price tags on the products because in those days we didn’t use a USP bar code system; we price-tagged everything. The third thing is you must keep the shop neat. They were the three criteria. We had to be clear on our expectations from the
outset and about the fact that we are a small business and a retailer so the hours are long and you will mostly have to work over the weekend and public holidays with just one day off per week.’

He was also keen to hire people who could develop their career with Home-Fix, and progression was part of the employee value proposition: ‘We needed people who would be willing to work hard and stay with the company. We were keen for people to grow with the company. Our current operations manager, our service quality manager and our full-time training manager all started working with us on the shop floor.’

**1999**

The workforce got to a size (60 people) where more structure was needed. Cheong Kee explains, ‘in the early days, when we were smaller, we were able to get by with doing things intuitively. As the organisation grew and as we see tremendous advantage in building innovation capability and capacity across Home-Fix, it became necessary to have a common framework and a common language for effective communication and to share ideas.’

In the early days Cheong Kee provided training to staff, but as the workforce grew this took up a lot of his time as he had to go from outlet to outlet. Training was very product-based due to the complex nature of the products the business sells, including chemicals, tools and all kinds of household appliances. Overall, it was clear that a more scalable approach to training was needed.

An external company ran a coaching and review session for Home-Fix staff which looked at a training needs analysis, performance appraisal system and succession planning. The training needs analysis revealed some non-product-based skills gaps across the business which needed addressing.

The external company also facilitated a profiling exercise with Home-Fix staff. As a result, a member of staff was identified for a trainer role. This process then prompted Cheong Kee and Erica to think about other ways they could improve their people management approach. They engaged a team of consultants to undertake a project to review Home-Fix’s salary structure and put in place reward policies and guidelines.

**2001**

This was an exciting time for Home-Fix as the first overseas store was opened in Malaysia. An area manager from the Singapore business was sent to run and manage the store in Kuala Lumpur.

**2005**

The company had around 100 staff at this point and the flagship store was opened in Marina Square.

**2006**

Staff development was a particular focus for the business in 2006. Erica was keen to take advantage of the support and guidance on workforce development provided by the Singapore Government. She wanted to create a great place to work where people would perform to their best ability and want to progress their career with Home-Fix. Continuous professional development has remained a focus in the business ever since, with clear encouragement from the top management.
Cheong Kee describes that, ‘every month we have an office meeting and I will try to talk to my guys about how important it is to constantly upgrade yourself. We read stories in the paper about people in their 40s and 50s who are unemployed when factories move out of Singapore. Many of these former employees are very educated but their skill sets have become obsolete in the current market. I make it clear that the company is in a position to support personal development and send people on courses.’

The company saw great value in sponsoring staff to attend a diploma-level course in retail management and, since 2006, 19 members of staff have been on this course.

Cheong Kee said, ‘I encouraged my staff to do this training as, although some of them were married with a family, and I know it is not easy to balance studying, home and work, I felt it was very important they did it. I was concerned that even though they had worked with me for a long time, if a younger person joins the company with a diploma in retail management, I would need to hire that new person at a higher level.’

2007
At this time the workforce was at 120 people, and there were 16 Home-Fix retail outlets.

Erica changed role from HR manager to CSR manager. This was a new post, reflecting the importance the company attributed to contributing back to society and taking care of team members’ welfare and work–life balance. One of the first things Erica looked at was employees’ work–life balance, which was considered a priority given the long hours typically associated with the retail industry.

The HR manager role therefore needed to be filled, and at the same time Cheong Kee and Erica were looking at other roles in the organisation. With the business continuing on its growth curve, including expanding overseas operations, there were some key roles (including HR, operations and finance) that they felt needed to be further professionalised. They decided that external, experienced talent was needed.

Clarisse Ng was hired as HR manager, and this same year a training manager was also appointed (an HR executive was already in post). Recruitment was a first priority for Clarisse in the HR manager role: ‘One of the immediate priorities was to get an operations manager to join the company in Singapore and also manage the overseas outlets in Malaysia and Indonesia. We also hired a financial controller for the Home-Fix group of companies. Previously we had hired an accountancy graduate with two to three years’ experience, but then we felt that the business had become more complex, requiring a more experienced person to oversee the whole group. When I’m recruiting, I look for people with the technical skill but also who will be hands-on and go to ground and see what the problems are. Most importantly, managers need to be able to lead and inspire the front line.’

The next HR priority was the salary structure, which needed further attention to ensure it fitted the changing needs of the business. Staff had always been encouraged to grow their career with Home-Fix, but the current salary structure was proving to be a blocker to career paths.

Clarisse explains: ‘A lot of people join us as retail assistants and want to grow with the company and become a manager. But salaries don’t always grow with the amount of responsibility you get. People
Third, the performance appraisal system was reviewed. Clarisse put even more emphasis on the importance of managers discussing development and future career paths with their staff. Identifying a talent pipeline for future leaders was essential.

With every organisational change it was essential that managers were bought into the new ways of working. Clarisse said, ‘together with Operations Department support, we explained to the store managers the need for the changes and why we needed to do things differently. Initially there was resistance but over time people appreciated the changes.’

2009

This was a particularly exciting time for Home-Fix as construction of the regional head office and distribution centre began. This year also saw the introduction of a new HR management system that integrates a time management system, leave management, employee self-services, employee profiles and a payroll system, which made the HR processes more efficient. Employees can use the system to check their payslip, request leave and update their personal particulars.

Communication between the senior managers and the workforce, as well as between the retail outlets, became a focus for attention. One of the initiatives to encourage cross-organisation communication and understanding of each other’s roles was to encourage head office staff (including HR) to help out on the shop floor for two or three days during the busy festive season and also during stock-taking. This helps to improve general understanding of the wider business and the problems faced, as well as there being more staff available to help customers at busy times. For HR in particular, a wider business understanding helps them to design policies which are appropriate for both business and employee needs.

Furthermore, once a month the store managers from the retail outlets have an operations meeting that an HR person also attends. At these meetings there is time allocated to brief managers on any changes to policies and an opportunity for managers to discuss any concerns, grievances and questions. On top of these formal meetings, HR thinks it is important to have regular contact and dialogue with people on the front line to understand operational issues employees face.

Enabling upwards and horizontal communication is just as important as top–down communication. There is a shared document where anyone in the company can leave their comments or complaints. It’s a channel for anyone to talk about anything and every time there is an entry, the managing director, Cheong Kee, receives the comment via email. There is also a quarterly in-house magazine called At Home, which talks about, for example, who got promoted, who is having a baby, who is getting married and who is having a birthday.

To ensure that staff continue to be customer-centric in their service skills, Home-Fix started to send their frontline staff on the Certified Service Professionals (CSP) programme, conducted by external training providers. To date, 85 retail managers and retail supervisors have attended this training programme.
2010
At this time Home-Fix had approximately 175 staff, seeing significant workforce growth over the past few years. External events made retention of staff a greater focus of attention for Home-Fix, as well as for many other companies in Singapore. Two very big casinos opened, which were viewed by many as attractive employers.

In addition to the continuing focus on professional development which aids retention, the training department runs orientations for new employees so they quickly feel part of the organisation.

Also a buddy system was introduced to help new staff settle in before they attend formal training. There is a structured training programme for ‘buddies’ and an allowance for the period that you are acting as a buddy to a new staff member. As a buddy you have to document what you are teaching and this initiative has helped staff development for both the buddy and the new member of staff. It’s also a useful channel to pass on the desired values and behaviours.

Over time it became increasingly harder for the owners to maintain personal contact and rapport with many direct reports. Now the owners have each taken responsibility for particular areas of the business to enable them to keep abreast of key issues arising. They maintain the direct reporting lines between themselves and department heads and also regularly visit each outlet to keep in touch with operational issues.

Cheong Kee explains, ‘my brother took responsibility for merchandising and accounts, and I was in charge of the HR department and marketing. We have an operation in Malaysia and I take care of Malaysia, with the department heads reporting to me directly.’

Also in 2010 the ‘Fun at Home’ programme of events was introduced, organised by a social committee to promote bonding between retail outlets and with headquarters staff. There are aerobic classes, staff outings and bowling, to name a few of the activities. All of the events are paid for by the company, which demonstrates the emphasis put on having a work–life balance, and the social events also help to build rapport between staff and provide an opportunity for staff in headquarters and in the retail outlets to get to know each other.

2011
By this point, Home-Fix staff had been undertaking the WSQ (Workforce Skills Qualifications) national credential training created by the WDA (Singapore Workforce Development Agency) for quite a few years. The company decided it would be beneficial to become a retail WSQ in-house approved training organisation so that employees can complete the training in-house at Home-Fix. When staff have completed the training to the correct standard, Cheong Kee issues them a certificate bearing the ATO and WSQ logos, which are recognised across the retail industry.

It can be difficult for store managers to release shop-floor staff for training, so Home-Fix decided to invest in an e-learning approach, making training more flexible around employee and business needs. Home-Fix took part in a pilot programme, ‘HEARTWARE: The Game’ that involved providing five stores with a tablet loaded with training applications. Sales in the pilot stores increased by 4.3% a few months after the training programme was launched.
Home-Fix – the DIY store (continued)

Additionally, employees in the role of ‘service ambassador’ (one level below supervisor), who have been recognised for their high levels of customer service, are invited to engage in ‘stretch assignments’. These assignments are discrete projects, such as optimising sales of a specific product range or how the merchandise could be displayed differently. Those participating are given an allowance and a badge to put on their collars in recognition of their achievement. Through this employee development initiative the company also benefits in terms of increased innovation.

2012
Home-Fix employed 190 staff at this time.

The HR team began to conduct employee engagement surveys to get feedback from staff and they benchmark their data against the national standards in Singapore for the retail industry. Cheong Kee states, ‘we are keen to remain close to what’s happening in the business. When we feel there may be an issue in a particular area, it is important that we have open conversations with managers and staff to find out what is happening. We hold focus groups and the HR manager conducts an employee engagement survey which helps us to identify issues. We have a few mechanisms to get bottom–up feedback from the rest of the workforce.’

HR further enhanced their career development offerings as, with its current size and diverse operations, Home-Fix is able to not only offer upwards career progression opportunities, but also sideways moves to different areas of the business. The HR manager keeps people informed about vacant roles.

Cheong Kee explains: ‘As a retailer we understand that to lose people and to recruit again is a very expensive process. We need to keep continuity and consistency and so as much as possible I would like our guys to stay and grow with the company. In the past 19 years we have opened lots of outlets, but we have also diversified into other things. We have a security arm that does camera and access systems and a home improvement solutions subsidiary company, and so this gives an extra opportunity for our people. If someone thinks that retail is no longer for them and they would like to be a sales manager instead – I am open to it. We have deployed one of our area managers to Home Improvement Solutions as a business development manager as part of career advancement for him.’

Attracting graduates into the business has always been a challenge, as typically graduates want to work in multinational organisations and the finance industry. The company knows that to attract them they need to set graduates’ expectations of what it’s like to work in an SME and also to have a clear career path into management which encompasses rotation into different business departments.

Cheong Kee reflects on how their graduate programme has been designed with a rotation into HR, which means graduates take HR insight with them into other roles they rotate into. ‘We currently have a graduate working for us who was in an HR department for a year and now she is reporting to me as the business development executive. When I talk to her about franchising and other things, she is able to inject the HR element of it.’
Although retention remains a focus for attention, the company now have various mechanisms in place to support it and are reaping the benefits. Clarisse quantifies the positive results of the retention activity to date: ‘Our retention rates have increased. We used to have just three or four people getting our long service awards for being with the company for five or ten years. This year 15 people are receiving this award.’

Looking ahead
The next few years are set to be an especially exciting time as the company embarks on an ambitious expansion throughout the region. As Home-Fix continues to grow, the company is determined to remain faithful to its founding values of diligence, integrity and service excellence. It is also essential that customer-centricity remains the guiding philosophy at Home-Fix, continuing to meet and anticipate the changing needs of its customers.

Clarisse’s attention is focused on three key HR challenges. The first is a demographic one: ‘Every company in Singapore is facing a shortage of staff for all levels of job position. In Singapore we have full employment and the birth rate is decreasing. We have close to 1 million foreign workers from all over the world. This challenge means we need to keep looking at how we better retain and motivate our staff.’

The second concerns diversity: ‘We also need to better manage diversity, looking at how the different age groups (mature staff versus younger staff) and local and foreign staff work together as a team in the company to meet our customers’ needs.’

And thirdly, engagement: ‘We believe employee engagement can help HR and our managers understand employees’ needs and expectations. Employee engagement can provide valuable inputs for HR to design an effective reward system to engage and motivate our staff to go the extra mile.’

Information provided by: Mr Low Cheong Kee, the founder and managing director of Home-Fix DIY, and Clarisse Ng, HR manager.
Established in 1976 in Singapore, Jason Marine started as a ship repair business and has evolved to become a leading provider of integrated solutions of a wide range of marine communication, navigation and automation systems. Their vision is to be a global, world-class company in marine electronics and their mission is to delight customers and develop people, which is a philosophy that guides everything they do.

The company retains the strong family values on which it was built and the founder, Joseph Foo, strongly believes in the importance of excellent people management to the company’s growth and success.

1970s
Jason Marine’s case study started in 1976 when it was established as a two-man company, repairing ships in the port of Singapore. The country’s strategic location as a regional hub provided the ideal opportunity for a business of this nature.

From the early days, great people were essential to the success of the company. Joseph Foo explains that, ‘the company can grow because of our people. It is very important for us to think about the welfare of our people.’

The majority of the workforce is engineers and they need to be well trained to provide excellent quality services on board the ships. For example, when a ship is in port it is only there for a limited number of hours, so the engineers have to be highly trained and skilful to detect any issues and rectify them so as not to affect the schedule of the ship.

1980s
Being specialised in ship repairing, there was a limit to how much the company could grow. Therefore in the 1980s a decision was taken to expand the business by starting to represent manufacturers and distributing their products to customers in the shipping industry.

1990s
In 1990 the organisation employed 60 people.

The 1990s saw further business growth as the company expanded their operations to China, Indonesia, Malaysia and Thailand.

2000
The year 2000 was a particularly significant time of business development for Jason Marine, as the company transitioned to become a systems integrator. As well as supplying specific manufactured parts to customers, they began to source products from various manufacturers and put them together as a package, to meet specific customer needs.

It is from this point that Jason Marine became a leading provider of integrated solutions of marine communication, navigation and automation systems. The company designs, supplies, installs, integrates, tests and commissions marine communication, navigation and automation systems for the marine and offshore oil and gas industries.
Values and purpose
With the marked increase in workforce size and the establishment of geographically dispersed operations towards the latter part of the 1990s, the company now had to work harder to retain its founding values and ethos. The founder and other senior leaders no longer had day-to-day contact with all staff and therefore had to rely on managers to keep the culture and values alive.

The company has three core values, referred to as the three Cs: character, competence and commitment. ‘Character’ is the central value and is the fundamental basis of being a competent and committed staff member of Jason Marine. It is concerned with having integrity, a positive attitude, being responsible, having discipline, being reliable and enthusiastic.

Joseph Foo describes how he keeps the company values alive: ‘Everyone knows our three Cs and we talk about them in our quarterly and town hall meetings, and we talk about them when we discuss our business strategy and our goals.’

He goes on to explain that, ‘we also talk a lot about our purpose so everyone at Jason Marine knows what they are working for: we exist not just for purely making money; there is a higher calling for us to exist. Because we are in the marine electronics business we supply communication systems to ships and navigation systems. Therefore our purpose is to provide connectivity and safety for the people whom we serve. A communication system is essential for the crew to be able to communicate with the shore and also with their family members when they are at sea. We have to make sure that the system is so well installed that each time they want to communicate with any party they will be able to do so. In addition, we need to install a navigation system that enables them to navigate the best route between locations, especially with the key risks at sea, such as storms and piracy.’

Recruitment
The three core values are an integral part of recruitment decisions. In the past the leaders would implicitly recruit for these values, but as a greater number of managers became involved in hiring decisions, it was necessary to make the values an explicit part of the recruitment process. Before an applicant is considered, the interviewer asks about their character and assesses their commitment. If the applicant is considered a good ‘fit’ with the company values, the interviewer will then evaluate their competence for the job.

‘We ask them if they are committed and if they like this kind of job: do you have the passion and drive to excel and do your job as part of our family, moving in the same direction? We really believe in the three Cs and impart them to our people. If applicants feel they are in line with our values, we will consider them.’ Joseph Foo

Serene Tan explains, ‘we find that if people have good values, it’s easier for them to adapt to the organisation. In the past, we focused more on the competency interview rather than the values. We see that we have a unique culture and need to recruit the right person for our culture and values. This approach also helps retention so we can hold onto our key talent, making it easier to move forwards, rather than having a high turnover which chastises operations.’
Engagement

The company founder is keen to retain the family feel to the business and for employees to feel engaged and part of an extended Jason Marine Group family. To this effect he started a series of activities to help employees get to know each other, such as the health programme once a month and bonding sessions for departments. Once a year there is a company-wide function to get everyone together and there are town hall meetings twice a year.

Internal communication

With the increase in company size also came the need for more structured communication. Joseph Foo summarises how they have addressed this challenge: ‘so at the beginning when we were 20–30 people we were all working closely with one another, we had a lot of interaction and we knew one another well. Even though we are bigger, when we have a challenge we still need to come together to discuss it, we overcome it and we move forward. Now that we have gone to about 200 people we are categorised into different departments and people tend to concentrate on their own particular areas. So we must provide opportunities for them to come together to share ideas and challenges and help one another. This can be quite difficult because we all have our deadlines and customer requirements to meet, we have people on different job schedules and others may be at a site rather than in the office most of the time. But we all have a common objective to meet and we want to get the job done so we must work together.’

He continues: ‘We have very short daily meetings of 5–10 minutes to brief each other on any issues. There are also weekly meetings where we keep one another informed about particular processes or projects. And we have monthly meetings where heads of department come together to share issues and help each other to overcome them. We also have town hall meetings once every six months. These meetings are not just for the sake of having meetings – they are an opportunity for us all to voice issues, exchange ideas and keep one another informed. At the same time, the opportunity to interact helps us to understand and appreciate one another.’

2008

160 people were employed at Jason Marine at this point, including three HR staff who had responsibility for administration as well as HR issues. The company needed HR to be adopting more of a strategic role, but with just three staff they didn’t have the resource to do this. It was essential that heads of department also took responsibility for delivering excellent people management, freeing up HR to then concentrate on delivering their potential strategic value to the business.

Joseph Foo explains how people management is not the sole responsibility of the HR department, but needs to be an integral part of the business as a whole if Jason Marine is to truly take care of its employees. ‘I believe the HR function doesn’t just depend on the HR personnel. The heads of department also need to be managing the people in the department and inspiring them to work together as a team. They are in a position to really understand the needs of individual staff so they can adapt their management style to each one of them. The HR department and the heads of department work together to make sure everyone is working towards the common objective.’
Although with a workforce of this size HR policies and processes were required to guide work, retaining flexibility was also important. The company recognised that one policy will not fit everyone's needs and people's individual circumstances also need to be considered. Managers need to be astute to the needs of individual employees as well as the fact their preferences and priorities will change at different life stages.

2012
The workforce currently remains at around 160 staff in Singapore, but the figure rises to 200 if the regional staff from overseas operations are included. This year is characterised by a noticeable shift in the HR function from the more operational approach of the past towards becoming a more strategic function, with HR activity becoming more closely aligned to business strategy.

Serene Tan, HR Manager, reflects on the change: ‘HR has evolved. No longer are the processes enough; HR has to understand the business and build their strategy to realise the company’s business goals. It is not HR for HR’s sake; HR has to be an integral part of meeting the company’s objectives.’

The evolving HR function
The HR function had expanded to have five staff by 2012, increasing their capacity to add value to the business. HR now plays a key role in business planning and in the strategy workshops, looking at the skills gaps and then manpower planning to meet future business needs. Serene Tan, HR Manager, explains: ‘today we need to be in the management meetings and in the head of department meetings to understand the problems the business is facing. We need to understand the company direction and then look at the present workforce and see where the competency gaps are and what other skills are required to move ahead.’

And she acknowledges that there are implications of this transition for HR capability: ‘this is an evolving skill for HR as you have to transform from the very traditional way to a modern HR role.’

Joseph Foo also recognises the shift in HR capability as the function has evolved: ‘HR now doesn’t just talk about HR; they also must have an understanding of the business objectives to deliver great value to the company. We always believe in best practices and they look at how we can adapt and modify best practices to suit our culture. Our HR people attend workshops and meetings to meet other HR professionals from other companies and they share ideas and they share best practices, what works and what doesn’t work.’

As the heads of department continue to take on more of an active people management role, HR are freed up to concentrate on strategic issues. This is still a journey for both HR and the department heads. ‘By giving some of the responsibility to the heads of department we have more time to look into those areas that we think we should be concentrating on. We are moving towards that, but it’s still evolving; it’s not an overnight thing.’ HR manager
Training
Previously training was largely focused on technical skills as 80% of the workforce is engineers. Every year engineers attend refresher courses to update their knowledge and skills. But recently the Singapore Government has been assisting SMEs with training in areas including soft skills, customer service, leadership development and also management development.

‘In Singapore we are very privileged as we have universities who run an extension programme of two- or three-day courses on manager skills, supervisor skills and personal relationship skills. Every year some of our people go to these institutions for higher learning and skills upgrading. The training also helps with their career development and therefore retention. We also encourage people to join associations, for example the engineers join the Institute for Engineers, and this gives people opportunities to interact and share ideas with others in their profession.’ Joseph Foo

Employee performance is assessed on both technical and general skills such as interpersonal skills. Through performance management processes any training needs are identified and addressed to help staff to perform at their best.

Internal communication
Even with the current size of the company, the CEO, the chairman and other leaders try to know every one of the employees. Serene says, ‘If they meet them along the corridor they will say hello to them. They will also go round the departments and say hello to people, but it’s a challenge when you go from 10 employees to 160. In HR we try to support this by sending the management a photo of the new hires so they know who they are, which department they are in, which position, their name and the photo. And to keep the family feel and help people to get to know each other as we get bigger, we try to get together for events, celebrations and enjoyment.’

Senior management see communication as very important, both top–down and bottom–up. Although leaders have an open-door policy, they cannot be in every location and not everyone will feel able to discuss issues this way, so other communication forums were needed to get employees’ views, ideas and feedback.

For example, as part of the engagement approach, HR began to hold focus groups in 2012 which encouraged bottom–up communication. ‘We want to hear from employees about how they feel working in the company, what are the things they like most and which are the areas that they think we have to improve in,’ explains Serene Tan. The focus groups are in addition to engagement surveys, which also identify issues for attention.

As well as getting employee feedback about current issues, the focus groups are a chance for HR to discuss new policies or processes with staff. ‘We talk about other things, such as what is performance management and what it’s all about. And if there are changes to reward, or we are making adjustments to salaries for promotions and transfers. It’s important people know what it’s all about and what’s in it for them.’
2013
Succession planning continues to be a focus into 2013. Building on HR’s manpower planning, the heads of department have been asked to identify key talent in their area of the business which can be nurtured for progression into more senior roles. In particular, they are asked to start to identify and develop potential successors for their own roles to avoid future disruption to business operations. As the business continues to grow, there will be more opportunities for internal career development and the company is keen to develop people now so they can move into new roles that will be created through Jason Marine’s expansion.

Joseph Foo, founder and chairman, explains that, ‘we need to enable our key staff to see where they could be five years from now. It’s the responsibility of all our leaders to develop their successor. If we progress higher, we need to make sure there is somebody to take over the positions that we are currently holding, because we can’t move up if there is no one to take over our role. We are looking at key people and key positions and how we can fill them over the next three to five years.’

Looking ahead
There are some key people issues that will be the focus of attention at Jason Marine over the next few years.

The war for talent
The main future challenge for Jason Marine is the war for talent in Singapore. ‘In the early days it was easier as we had an advertisement and we received a lot of applications. Now it is very much different because everybody is looking for talent and there is a war for talent in the market. The multinationals are looking for talent and so are the SMEs, so everybody is fighting for good people, which makes them harder to come by.’ Joseph Foo

In addition, there is a particular shortage of talent in the marine field. Most of the engineers at Jason Marine have an electronic background and are either diploma or degree holders. The nature of the job is that the engineers are required to work irregular hours on board a ship. This does not appeal to everyone and many people prefer regular office hours. Mr Foo says, ‘We have to identify people who like to do an outdoor job and we have to keep thinking about how to retain them. It is important we continue to build a good relationship with our people and understand their needs. If we take care of people, we establish a bond and loyalty. We do have people who’ve been with us for 30 years.’

Retention
A generational trend needs attention as the company has found that younger workers often have different expectations of work than more senior employees. Rather than looking for a job for life, many young people want to work for a company for a short time then move to a different company to get some different exposure. Jason Marine are concerned that by the time new employees are trained in their job role and they get used to the culture, they may be thinking about moving to another company they want to get experience with.

Serene Tan adds, ‘We need competent people to help to grow the company so the training and retention of talent is really a crucial thing that HR has to do.’ A key issue is how to attract talent to work for an SME when MNCs are able to offer perhaps a car and a higher reward package. However, Serene’s research has shown her that, ‘based on the surveys we have done in the past, salary needs to be competitive in the market, but they [our people] don’t expect the salary of an MNC. They do look more towards having career development and about where will I be in maybe two to three years’ time?’ Career development is therefore something the company is focusing on and they have taken advantage of the help the Singapore Government are offering SMEs in terms of training.
Diversity
Managing and engaging a diverse workforce is something the company is also focusing on as Singapore is a multi-cultural society with people from many different countries and backgrounds. Leaders stress the importance of appreciating that everyone is different and has a different personality and will have different needs at work which need to be understood if staff are to feel engaged and loyal to the company.

Serene Tan summarises: 'with globalisation, diversity of the workforce and the importance of cross-border relationships, HR’s ability to build organisational capability and relationships is extremely crucial.'

HR capability-building
Over the next few years HR will also continue on their journey towards strategic HR.

The HR manager reflects on how the HR function will continue to develop the key capabilities they need to contribute to achievement of the organisation’s vision. ‘We’re moving towards aligning our HR strategy with the organisation strategy. We have to work very closely with the management team to understand more from the business perspective. I think this is important. We need to have results and KPIs that reflect business objectives. Also, HR has to help the organisation evaluate employees’ behaviours against our company’s values. We need to look at leadership development, how we identify and nurture talent for key positions, and how we can further build our culture.’

Attention will continue to be paid to training heads of department about the people management processes they need to take responsibility for, including performance management, conducting appraisals and spotting talent for succession planning. Heads of department are ideally placed to review employees’ performance and coach them as they are working with the employees on a day-to-day basis and so know them best. Serene is planning a workshop to help hone these skills.

Joseph Foo firmly believes that HR’s strategic contribution is essential. Hiring and retaining the right people and ensuring they have the right skills will enable company growth. ‘At the beginning of the year we do our budget and have our strategic workshop, and we look at the additional manpower that will be required and HR will help to identify this talent so that we can get the right people for the right job.’

Summary
Joseph Foo has three overall guiding objectives for Jason Marine: to stay relevant to customer needs, create a great place to work, and continue to grow as a business. ‘Our overall objective of the company is to make sure that we are relevant to the needs of our customers, which means we continue to understand what our customers’ requirements are and then to meet them we must continue to constantly improve the capability of our people. We need to treat employees as part of our extended family, respect and work well with one another and work hard to resolve any issues or differences of opinion. We always talk about growing the business so we can serve the customers and give meaningful careers to our people.’

Information provided by: Joseph Foo, Founder and Executive Chairman, and Serene Tan, HR Adviser and HR Manager.
Mothercare Singapore

In 1961 the first Mothercare store opened its doors to the public in Surrey, UK. Selim Zilkha, founder of Mothercare, wanted to establish a one-stop shop for parents after realising there were no specialised shops in the parenting market where customers could find everything they needed for mother and baby under one roof. Internationally, Mothercare currently has 1,200 stores across 53 countries.

In 1984 Mr Pang Kim Hin set up the first Mothercare store in Singapore as a franchise of the UK business. Currently there are 14 Mothercare stores across the country. The company sells, amongst other things, maternity wear, pushchairs, nursery cots, car seats, baby clothing and toys. Mr Pang Kim Hin expanded his Mothercare franchise to Malaysia in 1987 and Hong Kong in 1992, but this case study focuses on Mothercare Singapore.

Mr Pang’s daughters, Pang Shu Xin and Pang Shu Ming, now run the company in executive director roles and are both hands-on in the business. Mr Pang Kim Hin is still involved in company decision-making and staff often see him in the office.

2008

This case study starts in 2008 when Pang Shu Xin (the current executive director) came into the business as operations manager on a full-time basis, having previously worked in the buying department during holiday periods from studying.

She reflects on her career progression over the last five years, which has given her exposure to many aspects of the family business: ‘During my holidays I was working as a buyer for my father so I gained a buyer skill set. When I came on board they needed an operations manager and then, even though I was dealing with operations, I would go to London to do the buy twice a year, so I had that continuous exposure to the buying department. In 2010 our Singapore general manager left and I originally took over that role in the interim period, but I stayed in that role for quite a while to get more experience. I then became executive director.’

In 2008 Mothercare Singapore employed approximately 70 staff and April 2009 saw the opening of Mothercare’s new flagship store. At this point the business turnover was around SGD$16 million but has since grown to SGD$32 million in 2013, so the scale of the business has changed dramatically. For example, there were far fewer stores in 2008 and the square footage of the biggest store at that point was around 2,000 square feet, compared with 6,000 square feet in 2013. Accordingly, business operations have also evolved over this time.

2010

With steady workforce growth, it was necessary to evolve the business structure. In 2010, the company structure was fairly flat and Shu Xin had more than 20 direct reports. For example, the individual buyers, including the fashion buyer and the home and travel buyer, all the individual store managers/supervisors, the IT manager, the warehouse manager and the marketing administrator (the company recruited a marketing manager in 2010) all reported directly into her. Shu Xin wanted all staff to get regular feedback and individual attention in terms of coaching and development, which she was not able to give to this many direct reports.
Another management layer was introduced in the form of heads of department, who then had responsibility for managing individuals within their respective areas. Since 2010 Shu Xin has been slowly building that cohort of managers, with seven heads of department now in post.

She describes the obvious business benefits from the new structure: ‘Now with the current structure each head of department is qualified and can take the company to a different level so we can really pick up our processes, meet the sales targets and run things more efficiently than before. Our heads of department either rose up through the ranks or they were external hires. To find really good people externally it’s taken a while and it’s hard to identify people like that. I can’t hire someone who is too qualified as I can’t pay at that scale. The people we hire are fairly young but with a lot of promise and will grow together as a team.’

At this point Pang Shu Xin had overall responsibility for HR tasks because the first HR manager wasn’t hired until May 2011. The accounts assistant looked after the people administration, such as sending out letters of appointment to new hires and recording essential people policies, and they also had responsibility for the payroll. At this time basic HR policies were in place, for example staff entitlements and medical insurance, and there was an employee handbook which set out company policies.

Recruitment also fell under Pang Shu Xin’s responsibility, who strongly advocates the importance of getting the right people into the business who can grow with the organisation. ‘The first thing I look for is the attitude of the person and just as important as the interview itself is the reference check with their previous employer in terms of their general attitude to work and how fast they are able to pick things up.’ Shu Xin looks for the potential in people and explains that, ‘the people I have hired have never run teams but now they do. At that time we weren’t able to pay someone who is currently running big teams.’

‘I don’t just look at people’s job experience, but also at their experiences outside of work. For example, my store manager has grown through the ranks to be my head of area managers for operations. He started work at 12 years old delivering newspapers and he worked from the ground up. When I hired him he was a taekwondo instructor and I think he gained a lot of skills by teaching taekwondo, including how to guide people. Another example is my marketing manager – she was working at a software travel agency, doing the marketing for them. She was a team member rather than running a department, but I could see that she had the potential because she used to run a green society in Singapore that advocates recycling, the environment and being green. Also, she had really good references. She is in the midst of completing her master’s. Extra-curricular activities outside of work show a person’s skills and how much they strive.’

2011

The company had around 100 employees at this time.

Pang Shu Xin had a clear vision of where she wanted the business to be in three to five years’ time. In order to get there, she strongly believed that the different business functions needed to be professionalised, which made recruitment for experienced professionals within each of the core business functions a necessity. She first hired an HR manager and a marketing manager to support company growth.
Hiring an HR manager
In 2011 the company was poised for the next stage of growth but it was first necessary to ensure the business had a firm foundation on which to build, including a longer-term people management approach. ‘The quality of our people was evolving in the company and I could see they all wanted more structure and more direction and we couldn’t keep growing at this rate without a strong foundation. We have to be sure of who we are as a brand and how that translates into our actions, so I thought it was important that we have our vision and our core values mapped out and that reflects how we manage people, how we appraise people, how we also give out incentives at the end of the year, so all these have to be aligned and this was a big piece of work. I needed someone to have 100% focus on it.’ Pang Shu Xin

In May 2011 Hoe Shu Hui joined the company as the first HR manager. ‘What attracted me to join the company was the executive director’s belief in the importance of good people management. This support made it easier to drive initiatives that I knew were necessary and would support the company in the long term.’

Introducing job descriptions
The first thing Hoe Shu Hui did was an audit of the current HR policies and practices in place to identify the priority areas to focus on. One such area was job descriptions: ‘I think that at this stage of the business, some sort of structure and technique needs to be in place, but at the same time we don’t want it to be too rigid. More structure gives the company stability, but we need to still be flexible enough that we can discuss things, make a decision and still make changes to meet business priorities.’

Job descriptions gave more definition to roles, although it was essential that they still enabled people to be flexible. The HR manager was keen to work alongside managers from the rest of the business in developing them, to make sure they reflected business realities. ‘When I came on board, one of the first things I did was to make sure there was a job description for every position in the company. I asked every department head to work on the job descriptions for their team. Initially there was some resistance as this had not been a part of their role before. To overcome the resistance we ran workshops with department heads about the value, to both their role and effective team development, of them having HR knowledge and understanding.’

Pang Shu Xin adds, ‘the job descriptions were very important so that the employer and the employee are very clear of what the expectations are and what is required so that when we do their assessment we can assess them along those lines. Everyone needs to know what their role is and what responsibilities they shoulder. There does need to be a degree of flexibility, and people appreciate you letting them know you are aware if they take on things outside of their responsibility. People appreciate that feedback and the opportunities, but they also want to know what is in it for them. Having job descriptions and talking about their career formally helps to make things clear.’

Training for managers on HR issues
With the help of funding from the Singapore Government for training purposes, the heads of department undertook training on key HR issues. Pang Shu Xin wanted all managers to be effective people developers and for HR insight to be used to inform business activity. Workshops for managers focused on areas such as how to conduct performance appraisals, how to conduct skill audits, interviewing skills and what you need to look for when you are recruiting.
With the amount of hiring needing to be done, and the urgency of recruiting for operational positions in particular, it was important for managers to take on this role and be able to recruit effectively. Most of the time the heads of department conduct the first interview stage and then the HR manager and executive director may be involved in the second interview. For executive-level positions and above, applicants are asked to present on a case study. The third stage of the hiring process is reference checks.

Hoe Shu Hui said, ‘We spend a lot of time on recruitment and evaluating performance because it is very important for the business that we are hiring the right people with the right skills to create the desirable culture. In operations, if they are short of staff, that actually affects the operation of the store and that means that staff may need to work overtime. But most importantly we needed to make sure we are hiring the right people. If they are not the kind of people we are looking for and they are just here for the short term, that can actually cause problems in the long run, and is actually more of a disruptive influence.’

Operational training for the workforce
Towards the latter part of 2011, with the heads of department in place and their people management training started, it was important to also look at the needs of the rest of the workforce.

Training for front-line staff needed to be the first priority because they create customers’ first perceptions of the company. The internal training manager has developed a curriculum for basic-level training which includes an orientation programme for new hires and also selling skills for front-line staff about how to engage customers.

The HR manager outlines the programme that was developed: ‘The structured programme for front-line staff begins with a company orientation and then there are eight sessions of product training on each of the different categories of product that the stores carry. At the end of one month our staff will have achieved a basic certificate level and are able to answer basic customer queries and they build their knowledge from there. We find that Mothercare customers know the kind of product they are looking for, and these days do all their research online before they walk into the store. So we need to spend a lot of effort training the front-line staff to make sure they know what they are talking about.’

A lot of the staff training is conducted in-house, but Mothercare Singapore also partners with external training providers for more generic aspects of retail operations such as visual merchandising and how to deal with difficult customers. For example, the Retail Certified Service Professional programme is a four- to five-day course and all staff undertake this training within their first year with the organisation. The company also engages with some of the training courses provided by the Singapore Government to help enterprises develop and be sustainable.

In September 2011, all of the supervisors across the 14 Mothercare Singapore stores were invited to attend the advanced certificate-level training. This advanced-level programme is nine months in duration and involves one day per week of classroom learning. Initially it was hard for supervisors to balance the training with doing their day jobs, but feedback at the end of the programme was very positive, with many supervisors requesting to be enrolled on the diploma course, which is the next stage of training. The course is scheduled around business priorities, with a break from study in December to allow supervisors to focus on their key targets at this busy time of year.
Mothercare Singapore (continued)

An added advantage of the supervisors attending the training course together is the opportunity for them to share knowledge, ideas and learning. Now the cohort keep in touch and call each other if a problem arises that they need help with. The executive team were keen to help the cohort retain these valuable connections and encourage the supervisors to combine their operations meetings with a lunch where they are invited to share their success stories and learn from each other.

The HR manager adds, ‘they [the supervisors] really connect with each other because they can identify with what their colleagues are experiencing in their own store. The networking helps them to be better supervisors as they discuss how to go about solving certain problems. It is not just about problems that they face with customers; it could be a problem with how you manage the staff as well.’

2012
Mothercare Singapore had around 120 employees at this time.

The HR function expanded
With the increased HR activity, an HR assistant was hired to take on a lot of the administrative tasks, freeing up the HR manager to concentrate on new initiatives. At the time they were planning on hiring an HR assistant, a current member of staff was looking for an alternative role and her skill set was well suited to this role.

Up until this point the internal training manager had reported in to the operations manager to make sure that the training provided was aligned to operational needs. At the beginning of 2012 the reporting line changed so that the training manager now sits within the HR department. This new reporting line helps align the training plan with the overall people approach, although it is of course vital that the close connection with operations is still maintained.

Developing the performance management approach
At this time the performance appraisal form was quite basic and needed to be developed to measure performance in a way that encouraged the development of the right skills, knowledge and behaviours that would enable the company to achieve its objectives.

To start making the conversations about performance part of the company culture, it was first necessary to establish some critical key performance indicators (KPIs) for performance to be measured against. The decision was taken to start with the KPIs of the executive team and then the heads of department before rolling out the process to the whole company. That way, objectives could be cascaded down the organisation in a way that was aligned to the strategic direction.

There was still some resistance from heads of department about the new ways of working, especially those who had been with the company for a long time and were used to the old practices. HR and the executive team know they need to continue to provide support and encouragement to get them on board.

‘Some managers are worried because they want to know the right thing to do in different situations and which procedures to follow, so I advise them on how to go about certain things.’ HR manager
In December 2012 the training manager ran an assessment test for every member of staff to identify each person’s strengths and weaknesses. Supervisors then work with individuals in their team to address any skill gaps.

**Looking ahead**

The organisation culture is the main, overarching area for attention, which includes the vision and values, further work on how performance is appraised and rewarded, and the development of leadership skills throughout the organisation.

**Vision and values**

Mothercare Singapore is looking to formally state their vision and values. They currently have the Mothercare UK vision and values but it is important to assess whether those resonate locally and whether the Singapore, Malaysia and Hong Kong workforces connect with them. This work will be supported by the help of an external consultant as part of Mothercare Singapore’s HR capability-building grant from SPRING Singapore.

The vision and values need to become part of how the company operates and be the ‘golden thread’ through all policy and process.

> ‘I can design all the people policies and processes around our vision and values. That will mean we can recruit people according to all the criteria we want and appraise and review performance based on all those criteria. We need to articulate the kind of behaviour and attributes that we want and together that will build the right culture for the future. Our values need to be part of everyday operations and also reflected in our communications. Our staff need to believe in and identify with them. We need to be talking about our values internally and externally.’ HR manager

The family feel to the company is currently maintained by the founder of the franchises, Mr Pang Kim Hin, who is still involved in the business and runs the quarterly management meetings. The culture is also maintained by the long-serving employees, who are the pillars. However, there is a danger that the culture may become diluted if these people leave the company. Cementing the vision and values and being clear about the company identity will help to further embed the desired culture into the organisation’s DNA.

**Rolling out the performance management approach to the rest of the organisation**

Now that there is a robust performance appraisal system in place for managers, the company is looking at how they can roll the KPI-setting and performance appraisal process out to the rest of the workforce. As well as aligning individual effort with the company strategy, this process will be another tool to identify skills gaps in the workforce.

**Training and leadership development**

A further training course planned for 2013 is on English conversation skills for all staff, run by an education institution. It’s about English conversation skills that are relevant to the Mothercare business and focuses on the vocabulary needed when dealing with baby products.
Leadership development is also a priority over the next year, identifying the capabilities of great Mothercare Singapore leaders. Consultants will be engaged to help train senior leaders on soft skills as well as coaching, budget planning and target setting. ‘We’re planning for expansion and I need to look at how I’m going to develop my staff to be able to fill leadership roles in the future and bigger regional roles as well.’ Executive director

**Business processes**

This year attention will focus on business processes and, in particular, automating processes where appropriate and applicable, through systems such as enterprise resource planning and customer relationship management. In the past everything has been on spreadsheets, but automation will increase productivity and accuracy. For example, rather than employees clocking in and out via spreadsheets, the company are looking at investing in thumbprint scanners, as well as new payroll software.

**Summary**

This case study focuses on the people management approach at Mothercare Singapore, but the Pang family also own the Mothercare franchises in Malaysia and Hong Kong. Having seen the benefits of having an HR manager in Singapore, they are now considering hiring an HR manager in the other two locations, especially given that they are approaching the size where more organisation structure is needed. It is clear that excellent people management is central to the organisation’s success.

Pang Shu Xin offers some concluding thoughts about Mothercare Singapore’s journey. Despite the fact that the business has achieved significant growth over the past few years, the learning continues. She is open about the learning curve she herself is on as a business leader, engaging with reading, networking and training courses for personal development. She is keen that everyone in the business also has the opportunity to develop, apply their learning back in the company, have the freedom to experiment with new ideas and constantly improve. She states, ‘the most important thing for everybody in the company is to be teachable and flexible and then we will all learn and move forward together.’

**Information provided by:** Pang Shu Xin, Executive Director and Hoe Shu Hui, HR Manager.
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sustainable organisation performance
Insights from Asia is one of the four themes in our Sustainable Organisation Performance research programme. The other three themes are future-fit organisations, stewardship, leadership and governance, and building HR capability. Within each of these themes we will research a range of topics and draw on a variety of perspectives to enable us to provide insight-led thought leadership that can be used to drive organisation performance for the long term.