

**SPEECH BY MR LEE YI SHYAN, MINISTER OF STATE FOR TRADE &
INDUSTRY AND MANPOWER AT THE OSIM INTERNATIONAL LTD 30TH
ANNIVERSARY GALA DINNER ON 28 FEBRUARY 2010 AT SHANGRI-LA
HOTEL AT 730PM**

Mr. Ron Sim,
Chairman and CEO, OSIM International Limited

Distinguished Guests,

Ladies and Gentlemen,

Good Evening,

Introduction

I am delighted to join you tonight to celebrate OSIM's 30th Anniversary. From its beginnings as a trading company in household goods in 1980, OSIM has transformed itself into a top leader in branded healthy lifestyle products in Asia. Over the past three decades, OSIM's revenue has grown from \$31 million in 1990 to \$477 million in 2009. But the path to success has not always run smooth for OSIM and what I find particularly note-worthy is OSIM's positive response to business challenges and economic downturns throughout its 30 year history. Take for example, OSIM's restructuring efforts in the last two years to improve their product strategies and sales processes. This has enabled OSIM to return to an annual profit of S\$38 million before tax in 2009, versus a S\$92 million loss just a year ago.

Initiatives to improve productivity

2 Last week, the Government announced that we are charting a new course for growth, based on skills, innovation and productivity. The key goal is to grow productivity by 2% to 3% a year over the next decade. As a start, the Government

has announced a S\$5.5 billion national productivity initiative. Some of the measures include establishing a high-level National Productivity and Continuing Education Council and providing tax incentives for businesses in all sectors to invest in innovation and upgrade business operations and processes. I encourage other companies to seize this opportunity and ride on these initiatives to re-engineer your work processes and re-design jobs so there is more value add.

Improving the Productivity of the retail sector

3 At this juncture I would like to focus specifically on the retail industry. As part of the services sector, it accounts for 20,300 establishments that generate about \$40.7 billion in operating receipts and employ some 115,500 workers¹. International benchmarking shows Singapore's retail sector productivity is only half of the United States and the United Kingdom in terms of Value-Add per worker, at slightly over \$40,000². It is therefore essential that our local retailers seek to improve productivity and service excellence standards.

Improving Customer Satisfaction through CCI

4 One way in which companies can raise their productivity is through the "Go the Extra Mile for Service" GEMS Up movement. One of the key initiatives under GEMS Up is the Customer Centric Initiative (CCI). I am pleased to note that CCI has gained traction over the last 5 years with 208 companies onboard today. By improving their service processes and capabilities, these companies have seen better bottom lines and performances. This corresponds with findings from a study commissioned by McKinsey & Company, which noted that companies that adopt good management practices perform better in terms of productivity and sales growth. In fact, OSIM and its subsidiary Global Active Limited are good examples of the companies which have benefited from CCI. Through this programme, they have improved their processes and upgraded the skills of the employees to improve their productivity.

¹ 2008

² 2008

OSIM's CCI journey

5 OSIM's subsidiary Global Active Limited started their CCI journey in 2007. It is currently on the second phase of its CCI journey and working towards aligning the business value chain with the Singapore Service Class standard. During its Phase 1 project, customer satisfaction rating reached as high as 90%. Sales revenue also saw a positive gain of 8% at the end of the project

6 In October last year, its parent company, OSIM also joined the CCI. Its key objective was to transform its sales people from passive order takers to business developers with good customer relationship management skills. Recognising the need to equip staff with health-related knowledge, OSIM tapped on the expertise of the Singapore General Hospital to customise a 40-hour certifiable course in health fundamentals. In addition, another 24-hour course based on the Retail WSQ framework was also developed. It aims to raise the service bar in selling and creating the "Winning HEARTS" customer experience.

7 I am told OSIM is making good progress through CCI, OSIM outlets at the Changi Airport have received the "Outstanding Outlet Award in T2 and T3 for Professionalism and Customer Service" Award in the last two quarters. Last year, a good percentage of OSIM retail outlets also saw an improvement in sales despite the economic downturn. By the end of the 1st phase of service improvement interventions, OSIM is expecting at least a 20% improvement in service quality at the end of this quarter. I look forward to hearing more achievements.

8 OSIM is also a good example of a company that has been constantly seeking to innovate. It has an in-house R&D team conceptualises new products and design ideas; and works with its partners like the Higher Institutes of Learning and Singapore based companies to produce the many innovative OSIM products we see today. Beyond providing direct business opportunities to the design firms, these R&D collaborations contribute to sophisticated demand and help to build up the local

design talent pool. An example would be OSIM's on-going endowment fund, the "OSIM Professorship in Branding and Innovation", in collaboration with the NUS Business School. OSIM has also been actively taking advantage of advances in social media marketing channels, such as Twitter, Blogs and Facebook to engage and reach out to web-savvy customers. I understand there has been good response from customers. For example, an advertisement posted on Facebook for the launch of the OSIM *uKimono* had a viewership of 21 million.

Conclusion

9 With Asia expected to lead the global economic recovery, it is timely for us to take further steps in ensuring productivity-driven growth for the next decade. On this note, I urge business owners from the retail industry to think of ways for greater innovation and productivity. As for the management and staff of OSIM, I would like to offer you my heartiest congratulations on OSIM's 30th anniversary. Let me end by wishing you a wonderful time tonight. Thank you.