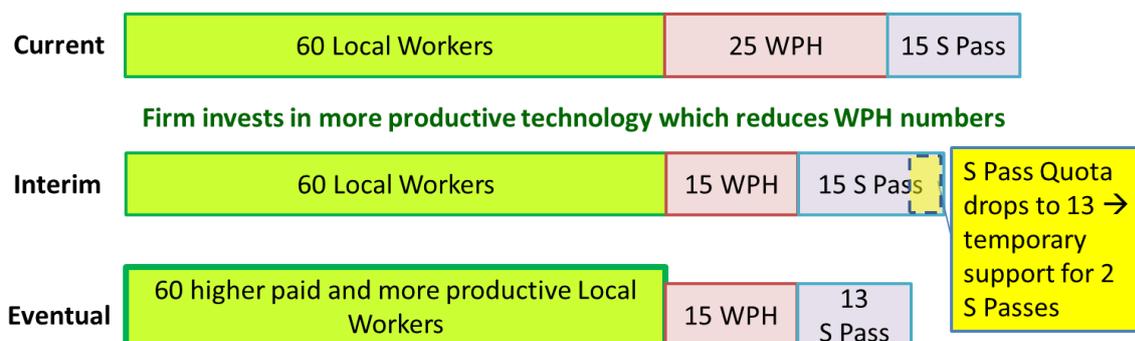


**EXAMPLES OF HOW PROGRESSIVE FIRMS CAN BENEFIT UNDER THE LEAN ENTERPRISE DEVELOPMENT SCHEME**

The following illustrative examples are derived from potential projects which companies and industry associations have surfaced to MOM. The various Government agencies will continue to discuss the projects with the companies and industry associations, so as to refine and evaluate them for access to the Lean Enterprise Development (LED) Scheme.

**Example 1: Becoming more manpower-lean.** A logistics firm intends to automate its processes to reduce overall reliance on foreign workers. It is able to reduce its Work Permit Holders (WPHs) from 25 to 15. However, in the process, it will also lose two higher-skilled S pass Holders due to foreign worker quota limits, as its total workforce has shrunk. This makes the transition more difficult, as the firm needs to retain its higher-skilled S pass Holders (together with local workers) to operate the new equipment.

The temporary foreign manpower adjustment will help in the transition, as the firm is able to retain all 15 S pass Holders for the interim, while they train the remaining locals to operate the new equipment. Eventually, when all the local workers are trained (to become more productive), the firm can reduce reliance on S pass Holders while paying its local workers more.



**Example 2: Strengthening the Singaporean core.** A design firm wants to take on more projects using Building Information Modelling (BIM), and needs to hire more trained staff. It commits to sponsoring local polytechnic and ITE students, so that they can join them in two to three years after graduation / National Service (NS). The firm, however, may not have sufficient foreign worker quota to hire more foreign workers to meet current manpower needs.

The temporary foreign manpower adjustment will help the firms during this transition, as the firm will be able to hire some S pass Holders in the interim, while the locals are still in school / NS. Upon graduation / completion of NS, the locals will take over these roles. This allows the firm to grow and strengthen the Singaporean core of its workforce. The firm also becomes more manpower-lean since output increases at a greater rate than headcount, and can thus afford to pay more productive locals better salaries.

