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**Strengthen supply chain practices to manage costs in the long run**

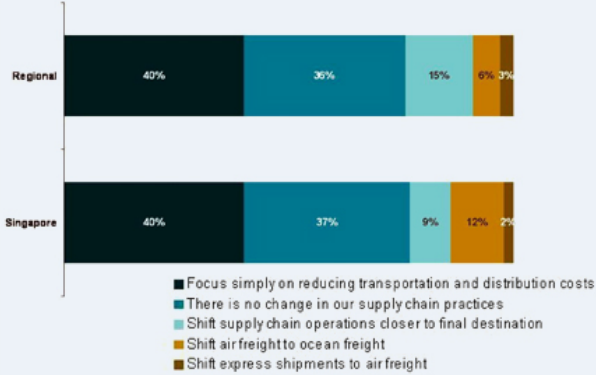
By Paul Chee, Business Development Manager, UPS Singapore (Also an iAdvisor)

The predominant issues that concern Asia SMEs in this economic downturn are revealed in the recent UPS Asia Business Monitor (UPS ABM) 2009. Aside from giving insights into business financing, workforce projections and investment strategies, this survey looked at how SME leaders manage their existing supply chain in reaction to the global recession.



The majority of Singaporean SMEs remain indifferent about improving supply chain efficiencies; 37 percent of them have no plans to change their supply chain practices, while 40 percent focus on simply reducing transportation and distribution costs. Although the former group is not looking into supply chain improvements, it does not indicate that they are optimising their supply chain capabilities. Last year's ABM showed that nearly a third of Singaporean SMEs were either under-utilising or neglecting their supply chain operations.

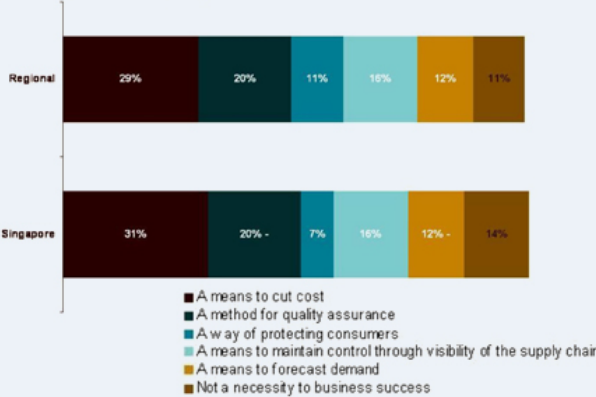
**Changes in Supply Chain Practices**



In their perception of supply chain management (SCM), 29 percent of the regional SME leaders look upon SCM as a useful means to cut cost, while 20 percent feel that it is a reliable method of quality assurance.

Similarly, 31 percent of the local SME leaders recognise SCM as a means to reduce costs, 20 percent view it as a method for quality assurance, while 16 percent identify visibility of supply chain as a means to maintain control.

**Perception of Supply Chain Management**



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Adopting cost-saving measures is not a sustainable solution and will not be beneficial to SMEs in the long run. They will have to learn quickly that sustainable initiatives will be critical to ride out the economic storm.

However, it is noteworthy that 23 percent of Singaporean SMEs are re-evaluating their supply chain to better manage their businesses. They do this either through near-sourcing, shifting from air freight to ocean freight, or shifting from express shipments to air freight. These measures are being implemented in a bid to counter the adverse effect of the ongoing economic crisis.

As a global leader in supply chain and freight services, UPS works closely with customers to enhance their internal processes. This approach not only streamlines operations and cuts expenditures, it ensures that SMEs can operate smoothly and efficiently in the long run.

#### About the UPS Asia Business Monitor

Since its launch in 2005, the UPS ABM has been conducted annually to deliver the latest insights on the changing business needs of the largest business community in the region, the SMEs. As discussed at the third APEC Business Advisory Council Meeting in August 2008, SMEs make up 95 percent of all businesses in the Asia-Pacific region and employ 80 percent of the workforce. This year, the UPS ABM 2009 surveyed 1,200 company owners, proprietors, CEOs, Managing Directors and other top management employees across 12 markets.

**Interested to know the pulse of Singapore SMEs compare with the rest of Asia?** [Click here](#) to register for a customer event on 19 June 2009, where you can hear Singapore's perspective in the 2009 Asia Business Monitor survey.

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