



# Team Finland: Strategy Update 2015



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# *Team Finland: Strategy Update 2015*

Current trends in the global operating environment and in the Finnish national economy present a challenge for the next strategy period, which extends until the end of 2015. Structural changes and sluggish global demand will continue to dampen Finnish exports for quite some time, while risks in the developing markets have grown. Government involvement is needed to support companies in their internationalisation efforts, and to pave the way for international activities and foreign investment in Finland. Changes in the international political arena clearly call for more determined actions to enhance country branding.

The Team Finland (TF) network brings together Finland's operations in the field of external economic relations, the internationalisation of enterprises, foreign investment in Finland and country branding – both at home and abroad. The key players in this network are government-funded organisations such as ministries, diplomatic missions, Finpro, Tekes, Finnish cultural and science institutions, Finnvera, Finnfund and regional networks led by Centres for Economic Development, Transport and the Environment. The objective is to build a cross-organisational network for deeper cooperation and customer service, driven by common goals.





# 1 Introduction

## 1.1 A review of the 2014 strategy's implementation

The strategic priorities of Team Finland are set annually by the Government. Areas addressed in the strategy include thematic and geographic operational priorities, as well as service packages, organisational roles and responsibilities and network building. The first strategy, extending until the end of 2014, was approved by the Government in June 2013 (VNK 8/2013).

Although the first strategy has only reached its halfway mark, overall progress has been brisk. During the year, special attention has been paid to creating more-structured working styles and to implementing changes involving organisational roles and responsibilities considered necessary in the early stages of the strategy's implementation. The next step is to proceed to stage two, in which the key focus will be on customers. At this stage, the previously built network will generate benefits which can be measured.

The first annual strategy provided the basis for a reform involving the spin-off of Finpro's chargeable consultation services into a separate company, and a shift towards the allocation of government subsidy to public services that promote the internationalisation of SMEs. Steps were also taken to improve the efficiency of the services provided by the Ministry for Foreign Affairs. These included an amendment to the Ministry for Foreign Affairs' decree on chargeable services adopted on 14 May 2014, which will clearly define the range of services provided by diplomatic missions to companies.

**Progress in the first year has been brisk. Changes vital to the early stages of the strategy's implementation have been made in organisational roles and responsibilities.**

Teams abroad have started their work, resulting in closer regional cooperation between various players. Here, country-specific action plans have proven useful. The network has been able to launch joint service concepts such as Future Watch and LetsGrow. Similarly, joint training programmes are under way, and progress has been made in project and event coordination and the creation of a shared customer relationship management system. Another important step involved establishing a joint communications unit for all TF organisations, in order to eliminate unnecessary overlaps. The unit will be operational from September 2014.

Slightly slower progress has been made in the finalisation of Team Finland's regional service model in Finland. There are still some overlapping areas in internationalisation services, and service processes in some regions have not been clearly defined. From the perspective of small and medium-sized enterprises and for the Finnish economy, this represents a major shortcoming which needs rapid attention. Likewise, clearer definition is required for cooperation models involving non-

governmental entities (such as chambers of commerce and cities, towns and regions and their development companies).

Promoting investment in Finland is another area in need of improvement. Insufficient use is being made of the potential of foreign networks, and stronger cooperation is required between Invest in Finland and regional players. Country branding work is still in progress. Although the objectives set in the strategy have not been achieved, some progress has been made, for instance in improving the tools and materials used in country brand communications.

## 1.2 Developments in the operating environment

Current trends in the global operating environment and in the Finnish national economy present a challenge for the next strategy period, which extends until the end of 2015. While the European economy is showing signs of recovery and slow growth, Finland remains behind many of its peer countries. According to the forecasts of the Ministry of Finance, Finland's export volumes are slowly growing, but structural changes and sluggish global demand will continue to dampen Finnish exports for quite some time. In terms of export growth, Finland appears to be unable to tap into the global trade growth in the next few years.

**The European economy is showing signs of recovery and slow growth, but Finland remains behind many of its peer countries. In emerging markets, risks in general have grown and the political risks have magnified.**

On a global scale, the politicisation of economic relations and economic nationalism continue to be major risk factors. Furthermore, in the light of recent events political risks look set to grow in significance. The prolonged crisis in Ukraine could increase political and economic uncertainty, accelerate capital outflows from Russia, discourage investment, and tip the Russian economy into what may be a lengthy recession. Such changes in the international scene could have various repercussions on Finnish companies, such as unexpected trade barriers and other, similar problems.

Generally speaking, risks have grown in emerging markets. In China, problems affecting the financial market are of major concern, as they may have an extensive impact on the entire global economy. In the absence of an investment-driven growth model, Chinese economic growth is largely being generated by private, more ecological consumption. At the same time, services account for an increasingly large proportion of total output.

From Finnish companies' perspective, another major trend is the appearance of new emerging markets alongside the Asian markets and traditional growth markets. For instance, according to IMF estimates, the GDP growth of sub-Saharan Africa will be approximately five per cent in the next few years, while economic growth is expected to exceed this level in lower income countries. Many of Finland's peer countries have reacted by strengthening, or by planning to strengthen, their economic presence in Africa and other previously overlooked markets.

Among global megatrends in general, solutions to ecological and social problems represent an untapped opportunity (bioeconomy, energy and resource efficiency, renewable energy, water and air quality, and well-being

and education related solutions). These cover a large number of industries in which the state plays a major role as the provider of a regulatory framework and a promoter of investments. Because many of these sectors are already fiercely competitive, Finland must take sufficiently robust and focused action to differentiate itself.

In general terms, during the strategy period we can expect the greatest export growth potential to remain outside Europe, usually in sectors where the regulatory environment is uncertain and changing fast. In this respect, the situation remains unchanged from the previous year, with the exception of emerging markets where the outlook is more heterogeneous and the risks are higher. Consequently, Government involvement is necessary to pave the way for companies pursuing global growth efforts, for foreign activities and for foreign investment in Finland. Furthermore, changes in the foreign policy environment require the ability to react quickly to various situations through country branding.

### 1.3 Objectives of the 2015 strategy update

Extending until the end of 2015, this strategy update focuses on areas that could not be addressed in the first annual strategy. However, the objective is not to reinvent the wheel, but rather to take Team Finland activities systematically to the next level and beyond. Reforms carried out by Finpro and the Ministry for Foreign Affairs, and greater clarity about roles and responsibilities within government-funded internationalisation services, will provide new opportunities. The stage of internal preparation will be followed by externally visible improvements: improved service and more efficient use of public resources.

**Network building is followed by externally visible improvements: improved service and more efficient use of government resources.**

The general objectives defined last year for government actions aimed at promoting international operations and internationalisation remain in effect. These include a value chain approach, involving a broad-based effort to feed the added value generated in global production chains back into Finland's national economy. In addition to exporting, we should actively seek to import "good" things to Finland. Secondly, another important objective is to identify and seize the new opportunities arising globally. And thirdly, service efficiency enhancements should be sought by combining public activities and services.

In practice, the allocation of public resources should not involve unnecessary restrictions and steering, but should enable innovation. Generally speaking, this entails that the government should not strive for 'laser-targeted' business subsidies or try to pick winners, but service provision should still be prioritised to foster growth and internationalisation in promising sectors. These include cleantech and bioeconomy, and immaterial value creation as a cross-cutting theme; the Government has given these issues more extensive consideration in various resolutions.

**Allocation of public resources should not involve unnecessary restrictions and steering, but enable innovation.**

Once greater clarity has been achieved in internationalisation services aimed at the wider world, greater emphasis can be placed on import-

focused activities. For example, our ability to attract investments and competencies to Finland is vital to our future well-being. We need to be nimbler in adopting solutions created elsewhere, through learning, imitation and application. As Holmström, Korkman and Pohjola observe,<sup>1</sup> this can be a more productive path to renewal than concentrating on pursuit of groundbreaking discoveries.

In addition, sufficient resources must be secured for the Team Finland network and all necessary steps must be taken to bridge the gap between Finland and its rivals in areas such as internationalisation, impact, investment promotion and country branding. In this spring's budget discussions, the Finnish Government and Parliament recognised this need, allocating 20 million euros to Team Finland for the promotion of internationalisation, investment, competence development within the TF network, and for the funding of country branding spearhead projects. This funding will be used in line with the general policies outlined in the strategy update, particularly in addressing shortcomings where the need for funding is most keenly felt and public investment will achieve the greatest added value for Finland's economy.

<sup>1</sup> Bengt Holmström, Sixten Korkman and Matti Pohjola: "Suomen talouskriisin luonne ja kasvun edellytykset" (The nature of Finland's economic crisis and conditions for growth). Memorandum to the Economic Council, 21 February 2014.

## 2 Internationalisation services

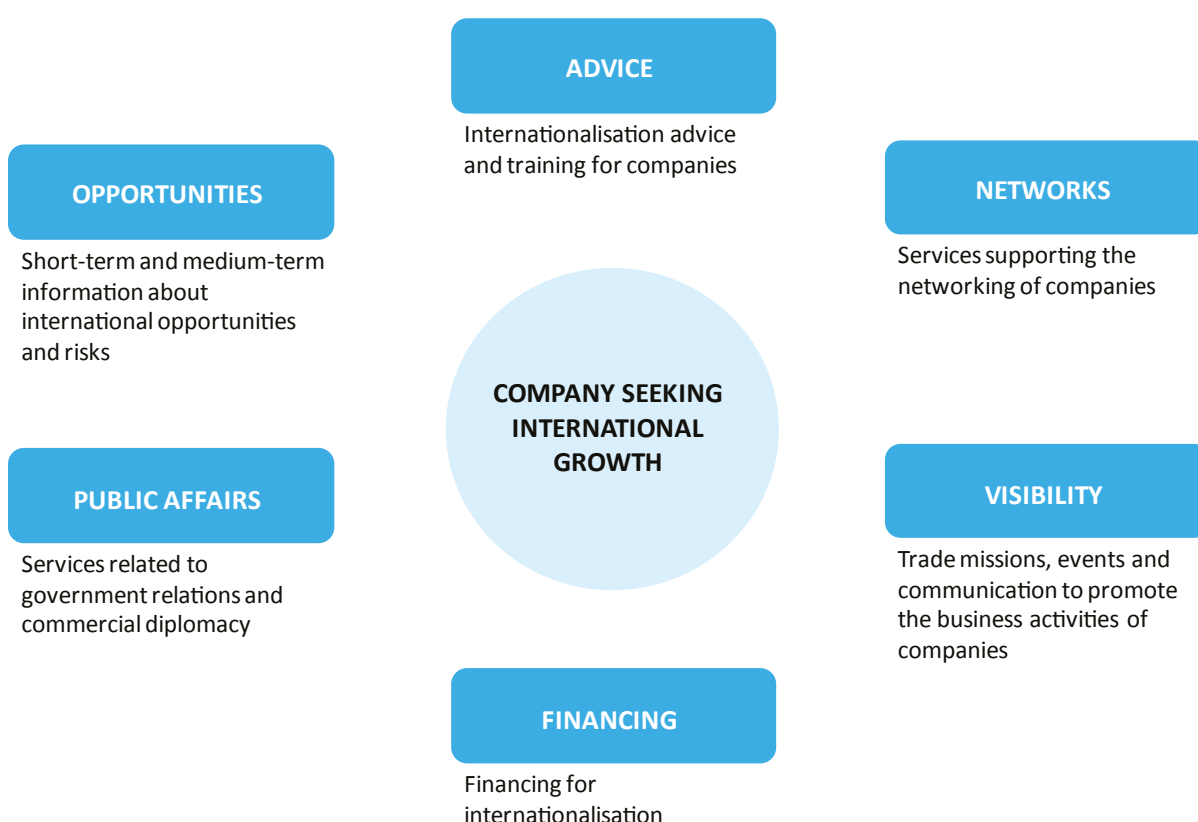
### 2.1 Content of internationalisation services

The government-funded internationalisation services provided within the Team Finland framework have been grouped into six service areas, each with more clearly defined roles and responsibilities.

Internationalisation services offered to companies operating in Finland are undergoing a major overhaul. Following the restructuring of Finpro's operations, there will be a more distinct separation between public services and chargeable, consulting business-like export promotion services. The changes carried out in Finpro and improvements to services offered by the Ministry for Foreign Affairs will also enable the clearer definition of the roles and responsibilities of various Team Finland organisations.

Government-funded internationalisation services, which will henceforth be provided within the Team Finland framework, have been grouped into six service areas (Figure 1). All of these services are aimed at helping companies to gain a foothold and grow their business abroad, and lie at the heart of Team Finland's operations. Due to the schedule for Finpro's restructuring, the division of individual services under the six main service

Figure 1: Team Finland internationalisation services



areas and the allocation of responsibility for service production are still under way. However, the process will be completed during autumn 2014.

The regional Team Finland networks and customer teams in Finland, along with the service model devised for their activities, are a crucial element in internationalisation service provision. At the moment, customer service built on true teamwork and shared objectives largely remains an objective rather than the reality.

The regional Team Finland customer service model for Finland must be in full working order by the beginning of 2015, and its coverage must extend to all major government-funded internationalisation services provided regionally. In support of service model development, a TF service pilot was launched in the spring of 2014 in the Centres for Economic Development, Transport and the Environment (ELY Centre) of North Savo and North Karelia. The experiences gained from this pilot project will be used to create a model for the nationwide rollout of the service model. Every effort must be made to ensure the readiness of the overall customer service solution for national adoption by the end of 2014.

Action must be taken to ensure that each region has sufficient capacity to serve as the first point of contact for companies, in providing access to services available in the Team Finland network, and to eliminate any overlaps in the government-funded internationalisation service offering. Likewise, it is essential that the joint customer relationship management system designed for the network be up and running as agreed by the end of 2015.

Finpro must maintain a strong role in Team Finland's international network, in order to perform the duties assigned to it in the TF internationalisation service package. The financial instrument for the procurement of private consulting services, which will be devised alongside the Finpro restructuring process, must be easy to use for the companies that need it.

Further improvements are also required in order to achieve better coordination between the internationalisation services and invest in activities provided by regional development companies, and the services provided by Team Finland organisations. The potential for closer cooperation will be explored through 1–2 regional pilot projects.

**The network must be highly agile and actively seek to promote those companies and clusters that show the greatest potential.**

## **2.2 Thematic priorities**

As in the previous year, flexibility will be underlined in all activities seeking to promote the internationalisation of companies. The network must be highly agile and actively seek to promote the heterogeneous mix of companies and clusters that shows the greatest potential. Although demand varies greatly between markets, it will be crucial from the perspective of the network's own competencies and results to develop a high capability to promote certain sectors that have major future potential,

and to ensure that operations are based on a shared understanding of identified future opportunities.

Seven thematic priorities recorded in the strategy for 2014 will remain unaltered in this strategy update. Among these wider priority areas, a group of more detailed themes, which offer interesting opportunities to Finnish companies, were identified during the spring (table 1). The related assessment was based on preliminary work carried out by Finpro and Tekes, and on feedback received from TF teams worldwide.

**Table 1: “Thematic priorities”**

Themes	Examples
Cleantech	<ul style="list-style-type: none"> <li>• Energy and material efficiency</li> <li>• Renewable energy</li> <li>• Intelligent systems and services in urban environments</li> <li>• Industrial water treatment and purification</li> <li>• Sustainable mineral extraction industry</li> <li>• Intelligent energy systems, green ICT</li> <li>• Waste management and waste-to-energy</li> <li>• Air quality</li> </ul>
Biotalous Bioeconomy	<ul style="list-style-type: none"> <li>• Chemical forest industry</li> <li>• Mechanical forest industry and wood construction</li> <li>• Biorefining, including bioenergy, biomaterials, biochemicals and biofuels</li> <li>• Bioeconomy equipment</li> <li>• Bioeconomy services, including ecosystem services</li> </ul>
ICT and digitalisation	<ul style="list-style-type: none"> <li>• Games and gamification</li> <li>• Cyber security</li> <li>• Mobile/Wireless solutions and enabling technologies</li> <li>• Online trading</li> <li>• The Internet of Things, including the industrial internet and the reinvention of traditional industry, intelligent transport</li> </ul>
Life sciences, health care and foods	<ul style="list-style-type: none"> <li>• Medical technology, including ICT for health and diagnostics</li> <li>• Health care and care service concepts</li> <li>• Healthy food, functional food, high quality foods and raw materials</li> <li>• Food technology and food safety</li> </ul>
Arctic competence	<ul style="list-style-type: none"> <li>• Marine industry and logistics</li> <li>• Building, infrastructure and ICT</li> <li>• Energy and environmental technology</li> <li>• Mining and minerals</li> </ul>
Creative industries and design	<ul style="list-style-type: none"> <li>• Industrial design</li> <li>• Audiovisual production</li> <li>• Creative digital concepts</li> <li>• Design brands and fashion</li> <li>• Architecture</li> </ul>
Education and learning	<ul style="list-style-type: none"> <li>• Digital learning solutions, serious games</li> <li>• Vocational education</li> <li>• Teacher training</li> <li>• Consultation related to educational systems</li> </ul>

Preparation of a detailed list is not intended to exclude companies representing other sectors, or to create financial instruments or structures that would have an exclusionary effect. Instead, the list should be considered a summary of opportunities identified globally, and as a tool using which the network can improve its service competencies. Not all of the themes listed below are included in every network activity, and priorities may vary markedly between countries.

## 2.3 General policies on service development

### **Tekes' international operations**

Tekes plays a key role in passing on know-how from international sources to Finland and in building connections between Finnish players and international value networks. During this strategy period, we must ensure that Tekes continues to maintain and strengthen its connections with the world's sources of new information and competencies. This will require a strong presence in economic and innovation hotspots, not only through the direct involvement of Tekes personnel, but also through a nimbler forms of presence and networking.

**Tekes plays a key role in passing on know-how from international sources to Finland. This requires a strong presence in economic and innovation hotspots.**

In its innovation funding and programmes, Tekes should pay special attention to its client companies' internationalisation capacity and competitiveness on the international markets. To serve customers seeking global growth, Tekes will require competence development in its international activities, and closer cooperation with other Team Finland organisations offering internationalisation services. The Ministry of Employment and the Economy will take these requirements into account when deciding on the resources to be allocated to Tekes.

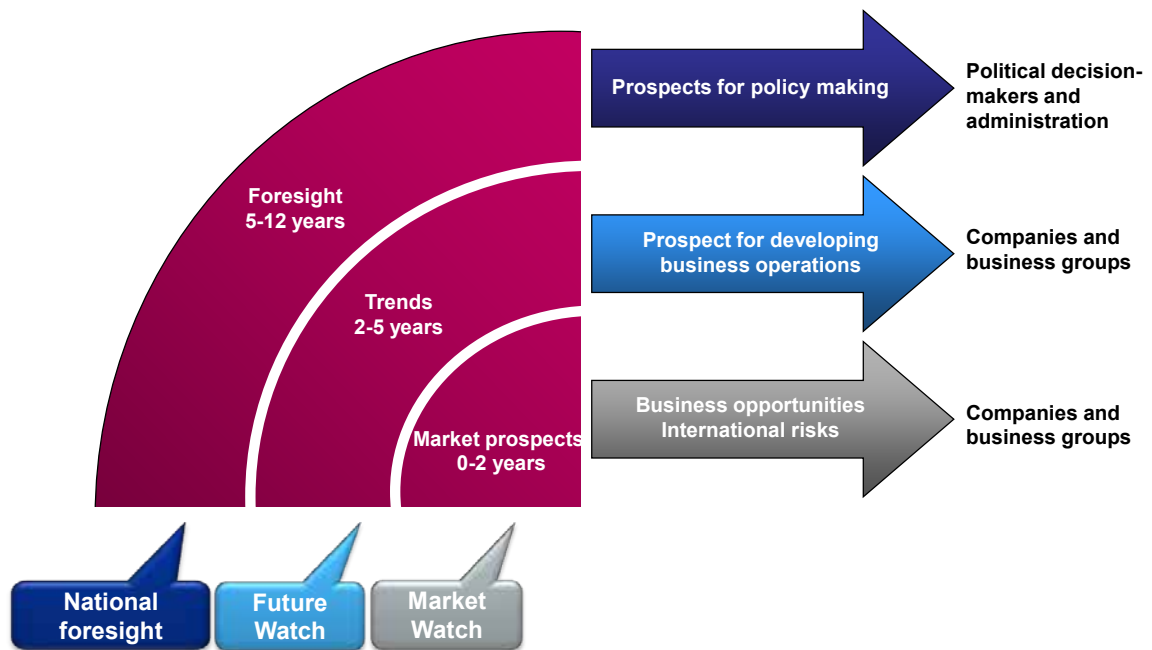
### **Market information**

Team Finland's "opportunities" service, which is intended to provide information on the markets and business outlook, will be based on two elements. Launched last year, the Future Watch service offers information on the medium-term market outlook, covering a time span of 2–5 years. Meanwhile the Market Watch service will provide shorter term market information covering a time span of 0–2 years. The service offers an analysis of the direct business opportunities available to companies and the risks involved in the political and business environment. The risk analysis includes public reports produced by the Ministry for Foreign Affairs on the political risks affecting different markets.

During the strategy period, these services will be integrated into a seamless, mutually complementary package. Their scope will be defined not to overlap with the so-called national foresight, which stretches over a



Figure 2: “Segments of market data and foresight”



longer timespan of approximately 5–12 years.<sup>2</sup> The long-term objective is to build a system in which use can be made of certain shared data sources and tools in Market Watch, Future Watch and national foresight. This will reduce the need for separate procurements of information and tools within the TF organisation.

### Network building and programme activities

Services for enabling network building between Finnish companies and the compilation of product offerings are currently fragmented between organisational silos. Furthermore, the tendency to build separate programmes, administrations and organisations around important themes creates unnecessary bureaucracy and prevents new themes from being addressed with the necessary agility. In this respect, there is a notable gap between Finland and some of its peer countries.

A simple service platform will be built to facilitate network building between companies. This platform will enable companies to be grouped and product offerings to be compiled under the same set of principles, without having to create a massive programme organisation for each theme. Services will be built with the objective of enabling the identification both of groups of companies with immediate export opportunities, and of longer term projects under separate themes.

**A simple service platform will be built to facilitate network building between companies. This platform will enable efficient grouping of companies and the compilation of product offerings.**

<sup>2</sup> Cf. “Cooperative and continuous foresight: A proposal for a national foresight model”. Prime Minister’s Office Reports 1/2014

These development efforts should have an impact on the so-called programme-based operations funded by the government. Less funding will be allocated to separate programmes and the related administration, and more to the flexible basic services described above and to the actual projects funded within the framework of such services. In other words, funding will consist of the monies allocated to fixed basic services, and of discretionary project funding allocated directly to groups of companies under specific themes.

Where applicable, building and exploiting the anchor company model will continue to form an important part of network building among Finnish companies. Although globalisation has transformed the models applied to internationalisation efforts, and SMEs will increasingly stand on their own feet in terms of internationalisation, the anchor company model could prove highly useful if applied effectively.

### **Barriers to trade**

Services provided in target countries, aimed at promoting market entry and facilitating interaction with local authorities, form part of the traditional duties of Finnish diplomatic missions. They will also be an essential part of the future TF service package provided by the Ministry for Foreign Affairs. In Finland, responsibility for these services is assigned to the Ministry for Foreign Affairs and the Ministry of Employment and the Economy, the former being responsible for lowering barriers to trade and investment in the EU's external markets, and the latter for the same issues vis-a-vis the EU's internal markets.

During the strategy period, attention will be paid to the integration of services for achieving market entry and lowering trade barriers in both the external and internal markets. This is intended to eliminate any difficulties encountered by the companies using such services. In practice, this will mean bringing together the trade and investment services provided by the Ministry for Foreign Affairs and the Ministry of Employment and the Economy, and providing such services in the form of a clearly defined Team Finland service concept.

### **Financing for internationalisation**

Funding services will be developed with the objective of providing various funding alternatives as an entity and with a stronger focus on customer needs, regardless of the fact that the responsibility for granting funding is dispersed between several organisations. Integration of funding application processes is a long-term objective. Bearing this in mind, efforts will be made to expand the funding application handling process to be piloted as part of the Team Finland LetsGrow service. This will allow the model to be applied to all governmental financial instruments designed to promote internationalisation.

**Funding services will be developed with the objective of providing various funding alternatives as an entity, based on need.**

**In addition to advisory services covering domestic financial instruments, greater attention will be paid to non-national funding sources.**

In addition to advisory services covering domestic financial instruments, greater attention will be paid to non-national funding sources. Advisory services address issues such as international financing institutions and organisations (see the section “Operations in developing countries and corporate responsibility”) and key EU funding sources, including Horizon 2020. Advisory services related to these issues will be strengthened as part of the TF service package.

In funding service development, attention should be paid to the potential gaps between funding provided by Centres for Economic Development, Transport and the Environment (ELY Centre) and the financial instruments offered by Finnvera. Furthermore, financial instruments should be modified to offer greater flexibility in terms of participation in joint projects by various organisations (incl. companies, higher education institutions, non-governmental organisations, public administration bodies).

When exporting solutions to international markets, companies often face difficulties stemming from a lack of references. In certain selected cases, internationalisation would therefore be fostered by using state funding to support pilot projects that could serve as references.

### **Operations in developing countries and corporate responsibility**

To promote operations in developing countries, Team Finland organisations will continue to implement the recommendations of the committee<sup>3</sup> working under the Ministry for Foreign Affairs and the Ministry of Employment and the Economy. Prepared under the leadership of Tekes and spanning various administrative branches, the Development Innovation Programme is serving as a spearhead project in efforts to promote such operations.

The Ministries will also pursue the more extensive coordination of various forms of support suitable for funding operations in developing countries. This will involve seeking solutions to identified gaps or financing needs in situations where coverage by current funding types is insufficient. These include funding for pilot projects conducted in developing countries, and funding for the starting phase of new business which falls into the gap between the support offered by Finnpartnership and funding provided by Finnfund.

Advisory services for companies on issues related to operating in developing countries and the procurement and operating procedures of international financial institutions and organisations will be strengthened. Efforts will also be made to follow more closely projects financed by international financing institutions, particularly in the target countries and in the case of the funds and projects most relevant for Finland.

Efforts will be made to improve the expertise of advisory staff in issues related to corporate social responsibility. Besides advisory services,

<sup>3</sup> The development group for innovation and business aimed at developing countries

information on corporate social responsibility will be offered as part of other Team Finland services such as Market Watch, training and background materials for Team Finland business delegations.

### **Customer communications**

Communication on services will be enhanced. Where applicable, the customer communication tools used by various organisations will be pooled in order to save on resources and improve the service level. Improved cooperation will be sought, particularly in areas such as customer surveys and customer needs assessment.

### 3 *Influencing in the target markets*

**Development of the internal market remains a key focus area in lobbying activities within the EU. Outside the EU, Finland has three key priority areas in terms of trade policy during the current strategy period: The United States, Russia and China.**

Development of the internal market remains a key focus area in lobbying activities within the EU. Important areas at EU level include the EU climate and energy package, new industrial policy, and the promotion of cleantech business and the bioeconomy. Finland is seeking to influence the new Commission's policies in order to create an internal market for the cleantech industry and to facilitate the market entry of cleantech solutions. It is hoped that measures taken to influence the European Commission and Parliament will result in energy, climate and environmental policies that promote cleantech business and the bioeconomy. Lobbying needs to be undertaken on a more proactive basis, with an emphasis on early involvement.

We should also bear in mind that actions taken in the EU countries to influence commercial and economic policies should not be limited to the preparation of EU policies and decisions. The EU continues to be Finland's largest export market and source of investment. Local teams working in the EU countries must be able to keep track of opportunities emerging in the markets, and to support Finnish companies by providing services that promote networking and public affairs. These teams should ensure they are sufficiently well connected with Finnish companies already active in the markets.

As for trade policy whose focus is outside the EU, the general thematic priorities selected for inclusion in last year's TF strategy remain unaltered. These include prevention of protectionism and certain regulatory issues and barriers, such as IPR issues, public procurement and technical regulations. Measures will be taken to influence common EU trade policy, to ensure that fuller account is taken of the significance of international production and value chains when drawing up trade policy measures.

The WTO will promote plurilateral and sector-specific agreements with a focus on environmental products and services, information technology, and a service trade agreement. The Doha Round trade negotiations are focusing on the market entry of industrial products. Work on WTO reforms will continue.

Regionally, Finland has three key priority areas in terms of trade policy during the current strategy period: The United States, Russia and China. In all of these areas, the EU trade policy agenda has reached the active stage. This year, the TTIP negotiations with the United States will move on to questions regarding content. In this respect, it is important that Finland ensure that the content is sufficiently extensive and ambitious in matters it considers important.

Turning to Russia, attention must be paid to general developments in trade policy, anticipation of changes in the regulatory environment and the avoidance of protectionism in the situation which emerges after the Ukraine crisis. Relations between the EU and China are expected to become closer due to the current negotiations on the investment agreement and other possible contractual arrangements affecting economic relations. From the regional perspective, the negotiations between the EU and Japan are of great interest.

**Table 2. “Priorities in trade policy”**

<p><b>Thematic</b></p> <ul style="list-style-type: none"> <li>• Prevention of protectionism</li> <li>• Key regulatory issues, including IPR, public procurement, technical regulations</li> <li>• International value chains and trade policy</li> </ul>
<p><b>Multilateral</b></p> <ul style="list-style-type: none"> <li>• Spearheads of plurilateral and sector-specific negotiations, incl. environmental products and services, ICT and trade in services</li> <li>• In the Doha negotiations, entry to the market for industrial products, development of the WTO.</li> </ul>
<p><b>Regional</b></p> <ul style="list-style-type: none"> <li>• EU–USA negotiations (TTIP)</li> <li>• Trade policy measures with respect to Russia and the EU’s eastern partnership countries.</li> <li>• EU–China contractual arrangements</li> </ul>

## 4 *Promoting investment in Finland*

The Team Finland concept was built around outbound efforts, in other words exports and internationalisation services. Less attention has been paid to inbound efforts, such as the attraction of investments, know-how or tourism, despite the significance of their impact on the Finnish economy and employment. In the upcoming strategy period, this imbalance must be addressed.

One of the goals of the strategy for 2014 was to make more extensive use of the Team Finland network abroad in investment promotion. Although some such steps have been taken, work is still in progress and Invest in Finland (IIF) has not been able to benefit fully from the network. It should also be noted that teams working abroad lack certain competencies and tools. In building economic relations, diplomatic missions continue to use very traditional channels, such as trade policy and export promotion – their perception of the content of their work is somewhat restricted in this sense.

**Finpro (IIF) will be given a stronger profile as a point of contact and network builder for investment promotion activities within Finland.**

In the upcoming strategy period, Finpro/IIF will be profiled more strongly as a point of contact and network builder for investment promotion activities within Finland. This means that, together with the other parties involved, IIF will produce information packages on the opportunities offered in Finland in major sectors, and provide the TF network with such information in a coordinated manner. These efforts are aimed at supporting the work of the President of the Republic in promoting foreign investment. The funding earmarked during the budget discussion of spring 2014 will be used to step up IIF's activities.

To add clarity to country-specific operations, IIF and selected TF teams will jointly prepare and implement plans for the promotion of investment in their respective markets. The United States, China, Russia, the Nordic countries and Germany will be the key priority countries during the strategy period.

Closer cooperation with IIF and regional Finnish players involved in investment promotion will be a key objective. This will include the coordination of promotional events abroad – an area clearly in need of improvement. From the investment promotion perspective, the ability to work outside Finland on a united front, as one Finland, will be essential. Once this has been achieved, more specific consideration can be given to alternative regional locations for investments based on customer needs.

Action will be taken to improve the TF network's expertise in investment promotion. This will involve support materials produced by IIF, and the inclusion of investment issues in the TF network's training sessions. Here, the objective will be to provide an extensive network of people with the relevant basic skills. It will also be very important to shape attitudes: Investment promotion should be regarded as a key task that is not limited to individual project-based sales, but which often forms part of liaison with local authorities, of networking and of other activities in the target market.



## 5 *Country branding*

**Steering of country branding and the related operating model will be enhanced. Country branding project funding will be pooled to enable the launch of cross-organisational projects.**

Unlike the other operational segments forming part of the Team Finland concept, country branding is a cross-cutting activity intended to support Finland's success in a number of areas, including internationalisation, international impact, and the ability to attract investments, know-how and tourists to Finland. Country branding is not a separate task, but a multitude of actions taken in support of Finland's efforts to build success worldwide. Because culture plays a major role in country branding, cultural and science institutions are important players in the TF network.

During the strategy period, the steering of country branding and the related operating model will be enhanced. The objective is to step up work previously hindered by a lack of clear definition and concrete enough content. Decisions made in spring 2014 on communications within TF will contribute to this process, since they require that TF organisations centralise their overlapping communications functions, in order to form a common unit under the supervision of a TF communications manager. Similarly, country branding project funding will be pooled to facilitate the launch of cross-organisational projects of importance to Finland as a whole.

In autumn 2014, an annual calendar of events shared by the entire TF network will be introduced as a key coordination tool. This calendar will be used for scheduling a limited number of key events and communications themes in Finland and abroad. This will increase the consistency and effectiveness of both country branding and Finland's international impact in general (incl. TF delegation visits). The annual calendar will be regularly reviewed in meetings of TF permanent secretaries, and will serve as a frame of reference for decisions made by permanent secretaries on country branding project funding.

The activities of the Finland Promotion Board, which is responsible for country branding within Team Finland, will be developed. This will enable the group to strategically guide Finland's country branding communications and to select spearheads for inclusion in the annual calendar. To meet this objective, more emphasis should be placed on group members' expertise and competencies, rather than mere organisational representation. Non-governmental players, such as companies, should be encouraged to take a stronger involvement in country branding and its practical implementation.

**The key priority areas in country branding remain unaltered.**

The general thematic key priority areas for country branding will remain unaltered. Finland will differentiate itself through three key themes: cleanliness (incl. cleantech, quality of living, a well-functioning society, the Arctic, nature), design (products, services, cross-sectoral) and education and competence (incl. start-up companies). In response to recent developments in the foreign policy environment, a greater emphasis is being placed on general communications built around the Finland theme (a democratic, functioning, competence-based Nordic welfare state and a member of the EU), as well as individual themes.

Country branding communications will have a sharper focus on specific target groups rather than a wider generic audience. Further development of the Finland Ambassador model will continue as part of communications and international impact work. Best practices from pilot countries will be adopted on a larger scale and possibly rolled out as an operating model across the network.

## 6 *Developing network activities*

### 6.1 Steering of the international network

To ensure the high quality of Team Finland services and the efficient use of resources, the service offering in various markets will be coordinated more efficiently. This is essential for a number of reasons. The change in Finpro's operating concept will affect its positioning, while changes in the global economy are forcing organisations such as the Ministry for Foreign Affairs to reconsider the allocation of their limited external economic relations resources in different countries.

As a rule, Finland needs strong expertise in key markets. For this reason, the related activities should be focused rather than dispersed over a broad, evenly resourced network. A number of Finland's peer countries have adopted this approach in recent years. Steps must also be taken to ensure that the network is sufficiently agile and able to identify opportunities in new geographic regions.

A joint steering mechanism will be introduced that enables the allocation of TF personnel and resources to different markets, by applying criteria based on team classification. In the upcoming strategy period, coordination will be limited to key, or first-level, teams. In future strategy updates, the steering model may be expanded to feature two or three levels, depending on the lessons learned.

First-level teams will be developed into strong, regional centres capable of providing companies with a wide range of services, of supporting smaller teams where in-depth expertise is required, and of coordinating regional projects if necessary. During autumn 2014, minimum criteria for human resources, the scope of services provided and the competence levels of personnel, will be specified for first-level teams. As a rule, each first-level team will require at least one Ministry for Foreign Affairs official with expertise in trade and economics. In addition, Finpro must have its own office in the region in question, with sufficient resources. Tekes' presence will be considered separately, taking into account innovation priorities.

The placement of first-level teams will be determined on the basis of the following criteria: 1) The current financial significance of the target country (measured by the volume of exports and investments); 2) the market potential of the target country (measured in terms of the economic outlook of the target country and the trade outlook with Finland in comparison to key peer countries); 3) demand for services (measured through customer surveys); 4) the special added value of the government as a service provider (measured by the government's role in the target country's economy, and the number of barriers to trade and business) and

**Because Finland needs strong expertise in key markets, activities should be focused rather than dispersed over a broad, evenly resourced network.**

**In the future, the TF organisations will apply common criteria to the allocation of personnel and resources between various markets.**

5) the limitations arising from the location of the current TF network offices (incl. the static location of embassies).

At this stage, at least the following countries and regions are included in category 1: Russia, China (Beijing and Shanghai), the United States (east and west coast), India, Brazil and (in Europe) Germany, Turkey and Sweden. In addition, strong individual teams are needed in Japan, Korea, Southeast Asia and Africa. With regard to non-European countries, the list is roughly the same as in last year's strategy, with the exception of the ASEAN region. With respect to the big picture, the focus is on developing markets on the one hand, and on Finland's neighbouring markets on the other. In the future, the Government will assess each priority country annually, as part of TF steering.

Partly government-funded chambers of commerce operate in the neighbouring markets of Russia and Sweden. Cooperation between Finpro and the chambers of commerce must be intensified in the coming strategy period, roles and responsibilities must be more clearly defined, and structures need to be re-assessed in order to clarify the services offered to SMEs.

The so-called global service responsibility system will be used in the assignment of roles and responsibilities in the international network: The TF organisation named as the provider of a specific service will be responsible for the service's provision in all the markets in which the service is available. Services will be produced locally, regionally or in Finland. Secondly, the following principle will apply to the placement of teams within countries: Although premises should be shared whenever possible, teams can be decentralised if there are good grounds for this. This principle is in line with the goals laid down in the Government Programme, regarding the centralisation of Finland's international operations.

Due to the special administrative features and tasks of Finland's cultural and science institutions, the aforementioned guidance will not affect the placement of such institutions.

## 6.2 Competence development

Joint training efforts will continue and intensify, building on the experiences gained last year. Training will focus on sectors of vital importance to Finland and on issues that require knowledge-building among large numbers of people (e.g. the promotion of investment). Use will be made of the expertise and international networks of universities and research institutions, for competence development purposes.

A staff rotation system will be created within the network, providing opportunities for short-term exchanges. Both in Finland and abroad, this rotation system must be sufficiently broad and cross organisational and administrative boundaries. When creating this system, use can be made of the Ministry of Employment and the Economy's experiences of

**The network must make more determined efforts to tap into the opportunities provided worldwide by people who have bonds with Finland. Effective use must be made of the knowledge and contacts of international students, expatriates and foreigners living in Finland.**

implementing a similar system. Staff mobility between the TF network and the private sector will also be encouraged.

In addition to building professional competencies, the network should make more determined efforts to tap into the opportunities provided worldwide by people who have bonds with Finland. Much more systematic use should be made of the knowledge and contacts of international students, expatriates and foreigners living in Finland. The possibility is being explored of building a web-based service (Finland Alumni) to serve as a shared forum for these groups. In some countries, similar platforms have been built through collaboration between the government, universities and the private sector. Finland could learn from these experiences.

### 6.3 Service impact assessment

In the future, the focus should shift to measuring the impacts of TF activities and ensuring the optimal use of public investments in terms of the cost/benefit ratio and during business stages that are vital to internationalisation. To this end, regular assessment of the results and impacts of Team Finland will begin in winter 2014-2015. Stakeholders will be consulted when assessing results and operational development.

**Regular assessment of the results and impacts of Team Finland will begin in winter 2014–2015.**

International business statistics, in particular statistics on Finnish subsidiaries abroad and foreign trade in services, will serve as a key tool in impact assessment. Statistics Finland is instrumental to the development of this area, and has already taken steps to renew its statistics compilation methods. Sufficient resources must be made available to Statistics Finland, since this task requires the development of internationally harmonised definitions and methods, and the creation of a new form of cooperation with companies.

### 6.4 Administrative branch-specific projects

A large number of individual projects and programmes, which generate overlapping costs to taxpayers due to a lack of joint coordination, continue to be launched by various administrative branches. Practices and procedures adopted by ministries and the network must be as simple as possible. They must also guarantee a link between Team Finland as a whole and projects involving external economic relations, internationalisation, investment promotion and country branding.

The broad-based engagement and commitment of various ministries will be of the utmost importance if this objective is to be met. Although, partly for historical reasons, Team Finland was initially built around a core consisting of the Ministry for Foreign Affairs, Ministry of Employment and the Economy, and the Ministry of Education and Culture, it is crucial that other ministries can benefit from the joint network through their own activities. This is also important for foresight: the participation of various administrative branches will be essential, if the network is to observe and identify changes and opportunities as they arise in the global economy.



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