



# POLICY BRIEF 2022:19

Perspectives into topical issues in society and ways to support political decision making.

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## **Team Finland network – significant progress made, but there is still room for improvement**

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### **Main recommendations of the evaluation:**

- The development of the Team Finland network should be continued in a determined and long-term manner based on the current operating model.
- The strategic goals of the Team Finland network should be sharpened.
- The service promise and the service portfolio should be clarified.
- Co-operation and exchange of information within the network should be further intensified.
- Common Team Finland goals should be implemented more systematically in performance management.
- The Team Finland network abroad should be further developed based on the existing operational structures.
- Regional operating model of Team Finland should be further refined by disseminating good practices and clarifying the role of regional actors.
- Internationalisation services provided by private sector should be linked more effectively within the Team Finland network service portfolio.
- Investment and talent attraction activities should be more closely linked with export promotion.
- The evidence base for assessing the effectiveness of the Team Finland network should be further strengthened.

## Evaluation in brief

Promoting exports and internationalisation has long been one of the key policy areas in Finland. Programme of Prime Minister Sanna Marin's Government seeks to promote exports and internationalisation with various activities. The Team Finland network, consisting of public actors providing internationalisation services to companies, plays a key role in promoting exports and internationalisation, aiming to provide companies with a smooth service chain from advice to financing. The development of the Team Finland network has been a goal for several years. The long-term aim has been to ensure a smooth service path and customer experience for companies.

The purpose of this evaluation was to provide information on how the Team Finland network and its services meet the needs of companies and support their growth and internationalisation. The evaluation focused on the effectiveness of Team Finland's operations, especially from the perspective of recent reforms within the network. The aim has been to find out the added value of the joint customer work of the Team Finland network model.

The main methods and data sources of the evaluation were statistical and econometric analysis, literature and documentary analysis, electronic business survey (N=701), expert survey for the Team Finland network members (N=134), expert interviews (60), business interviews (29) and stakeholder workshops. The evaluation was carried out as part of the implementation of the Government's analysis, assessment and research activities between 3/2021 and 5/2021. The evaluation was conducted by 4FRONT Ltd. and Etlatiето Ltd.

The final report of the evaluation has been published in Finnish. This Policy Brief presents the conclusions and recommendations of the evaluation in English.

## Key messages and conclusions

### **Promoting export and internationalisation is increasingly important – Team Finland network plays a key role**

Promoting exports and international growth is important not only in terms of new jobs and turnover, but also in terms of longer-term productivity. Companies receive new information and know-how from the international market, which makes their operations more efficient and creates incentives for innovation. Based on previous research, the productivity of export companies is higher than other companies, and the gap with other companies continues to grow as export activity expands.

The need for the growth of exports and internationalisation has not disappeared, but rather the opposite, Finland has lagged behind in exports and internationalisation compared to other countries. In recent years, the COVID-19 pandemic and Russia's invasion of Ukraine have significantly changed the international operating environment for companies. Supporting the export and internationalisation activities of Finnish businesses is therefore an increasingly important and topical task. Effectively functioning Team Finland network plays a key role in this task.

### **Team Finland services have improved companies' access to international markets, but no longer-term effects were observed – needs to further develop the evidence base**

As part of the evaluation, an econometric analysis of the effects of the services of the Team Finland partners, i.e. Business Finland (including Tekes and Finpro), Finnvera and the Centres for Economic Development, Transport and the Environment (ELY Centres), was carried out. The results show that internationalised SMEs and midcap companies that have used the services have benefited from export promotion services, especially in the short term, and their exports to new markets have grown faster than other companies. The use of export promotion services also seems to have a positive employment effect in Finland in the short-term. However, no statistically significant effects on turnover, value added, and productivity were observed in the analysis.

Based on the econometric analysis, the use of export promotion services have facilitated companies' access to new international target markets, which is in line with the Team Finland objectives. However, companies that have not utilised the Team Finland services have reached the companies that have used the services relatively quickly, and the use of the Team Finland services has not had a significant long-term effect on the growth of the companies in terms of various indicators. Yet, accelerating entry into new international markets may have been in some cases essential for a

company and providing it with a first mover advantage. However, a question remains that if the internationalisation services succeed in accelerating the entry of companies into new international markets, why it is not observed when measuring longer-term export success.

Yet, both in this and in previous evaluations, qualitative methods have provided indications of positive effects on companies' business and, among other things, on the importance of internationalisation in companies' growth strategies and companies' strategic choices.

In the future, it is important to continue efforts to develop the knowledge base for monitoring and evaluating the effectiveness of internationalisation services and the Team Finland network. More efficient utilisation of the common CRM system will provide good opportunities for developing the evidence base of the effectiveness of the Team Finland network.

### **Targeting Team Finland services to growth-oriented companies creates good conditions for effectiveness**

For the effectiveness of the Team Finland network, it is essential to which companies the services are targeted. The needs and conditions for exports and internationalisation vary greatly between companies. Ultimately, international growth depends on companies' own know-how and conditions, which can only be affected to a limited extent by external services. In terms of the network's effectiveness, the key target group consists of growth-oriented companies with a competitive product or service and ability to invest in internationalisation. Companies that do not meet these characteristics should be supported with other policy instruments.

For companies already operating in the international market and having comprehensive networks and expertise in internationalisation, the added value of the Team Finland services is lower than for companies that are still in the early stages of internationalisation. In addition, these companies (especially large ones) are already well placed to promote exports and internationalisation. Therefore, it is justified that the main focus of promoting exports and internationalisation will continue to be on SMEs in the early stages of internationalisation. However, more advanced companies and large companies can benefit significantly from the Team Finland services (for example 'prestige services'), especially in markets where the role of the public sector is emphasised. It should also be noted that most of the volume of exports and the effects on the national economy are generated through large companies, which emphasises the importance of offering services to large companies as well.

Similarly, many of the fastest growing start-ups and the so-called 'born global companies' are typically those who need very specific support and require highly tailored services. These services require a lot of resources as well as specific competences,

are difficult to provide as public service. Therefore, these services are likely to be best offered in collaboration with private actors, and – when possible – in collaboration with other Nordic countries to ensure sufficient critical mass of client companies.

Based on the evaluation, the features described above are already being realised in the customer base of the Team Finland network's core actors. It is noteworthy, that as many as half of the client companies that responded to the survey, stated that they were strongly growth-oriented. In general, the focus of the network is good, and the services are targeted at the right kind of companies in terms of effectiveness. On the other hand, there were also indications that the client base also includes companies whose capacity for internationalisation is insufficient. Correspondingly, the added value of the Team Finland services for many more advanced companies in terms of internationalisation does not appear to be as clear. Therefore, it is important to continue to pay attention to clarifying the service promise and added value for different target groups.

### **Team Finland operating model has developed and helped to improve customer management and more efficient targeting of services...**

The operating model of Team Finland has developed significantly in recent years. Co-operation, especially between the Team Finland's core actors, has become clearer and closer. Customer management and information exchange are clearly at a better level than before. The actors in the network are very committed to further development of the operating model.

All in all, the Team Finland network provides a functioning 'umbrella' and a platform for developing co-operation between the actors. The operating model has brought clear added value to the network's actors, and co-operation has succeeded in improving information exchange and customer management between the actors. The companies also consider the co-operation of the Team Finland actors as important and desirable.

One of the key added values of the Team Finland operating model is to make the network's extensive and diverse range of service portfolio and experts available to customers more efficiently than they would be without the network. This, combined with service paths geared to different customer needs, consists of the added value of the network. By sharing information within the network, services can be targeted more effectively at the right target groups. Through the co-operation, the actors have successfully improved customer guidance and targeted services more effectively to the right target groups.

### **...but the network is not yet operating efficiently enough, and the service promise needs further clarification**

Despite the positive development, there are still several areas for development in the Team Finland co-operation. The CRM system has helped to make customer management more efficient, but its use should be systematised and made more efficient. Similarly, there is room for improvement in the exchange of information within the network, the awareness of the services of other actors and the description of the roles of the actors in the network. Organisational changes as well as the COVID-19 pandemic have both presented challenges for building connections and intensifying co-operation within the network. Due to the above-mentioned reasons, the network is not yet operating efficiently enough. The effectiveness of the network could be further improved by developing customer guidance and service paths – as is currently being done as part of an ongoing development project.

The role of the Team Finland network and the added value it offers to companies has remained unclear, and the network's service promise to companies – especially in relation to expectations – has not been clear enough. From the perspective of companies, it is difficult to understand international service offering and the Team Finland network. There is a need to reduce and/or harmonise the service offering rather than to introduce new services. The division of labour between the various Team Finland actors also seems unclear to some extent. On the other hand, this is not perceived as a major problem if customer management services work efficiently.

### **Strengthening effectiveness requires clearer strategic choices and the implementation of common goals**

In recent years, the steering and strategy of Team Finland have focused on operational issues, which has helped to develop the division of labour and operating model. In the future, however, there is a need for more strategic choices and priorities to ensure efficient use of resources. In practice, this means clearer policies and choices related to the target market, themes, or target groups. In addition, it is important to ensure coherence between the Team Finland strategy and other government strategies. For example, the relationship between the Team Finland strategy and the Export and International Growth Programme has not been completely clear.

It is also important to better integrate common goals into network actors' own strategies and performance targets. At present, the common Team Finland goals and indicators have been only partially integrated in the performance goals of the core actors.

## **Challenges related to the management of the network can be solved within the current operating model**

The coordination and management of the Team Finland network within the state administration structures and governance mechanisms is challenging (for example due to the various governance and steering relationships and responsibilities within the network). However, these challenges are not insurmountable, and they can be addressed within the current operating model by developing (cross-administrative) co-operation and increasing common target setting at different levels.

The key national structures for the management of the Team Finland network are mainly functional and sufficient. The transfer of the Team Finland steering and national coordination from the Prime Minister's Office to the Ministry of Employment and the Economy and Business Finland, has helped to concretise the development of the network. The Team Finland steering board has a broad representation of key players and stakeholders (including business organisations), which enables the development of the network on a broad basis. The exception to this is the regional development agencies, whose role as part of national-level guidance needs to be clarified.

In practice, the alternative to a network-based approach would be either a more hierarchical and centralised model or a less coordinated and market-based model based on paid / private services. However, based on the evaluation findings neither of these options appear realistic, and as models that could significantly improve the effectiveness of services. In contrast, abandoning the current network-based approach, would entail a 'reset' of the whole service system and significant organisational changes. These, in turn, would further weaken the customer-orientation of the services.

## **Team Finland co-operation in different regions in Finland has been intensified and regional tailored operating models offer a good starting point for further development**

Team Finland's regional operating model has developed in a good direction and co-operation between different actors has intensified. The transfer of Team Finland coordinators to the Centres for Economic Development, Transport and the Environment, and the organisation of regional teams have promoted the development of co-operation at the regional level. The actors and roles in the different regions vary, which is why the regional operating model needs to be tailored to each region. In the future, the Team Finland operating model must continue to enable flexible, area-based solutions (within the framework of strategic guidelines and jointly defined service paths at the national level). At the same time, it is important to disseminate good practice and lessons learned between different regions.

Regional development agencies have become more involved in Team Finland's activities and regional coordination groups, but their role in national coordination remain

partly unclear. The role of the ELY Centres in the regions is clear, but their role as part of the national level coordination as well as the division of labour between the ELY Centres and Business Finland in the regions are partly unspecified.

### **The Team Finland network abroad has been strengthened and the role of the missions is considerably more active**

The role of the Ministry for Foreign Affairs and the missions (embassies) in promoting exports and internationalisation has clearly strengthened and become more active. The resources of the Team Finland network abroad have also been strengthened, although the resources are still thinner than in many comparator countries. Further strengthening the foreign network remains an important priority. However, increasing resources should not be an end in itself, but the development of the network should be considered from a strategic point of view.

The operating model and co-operation of the foreign network have developed in a good direction. However, the network has some overlaps and there is a need to clarify the division of labour and the flow of information between key actors (Business Finland and the missions). Similarly, the role of partners (especially chambers of commerce and trade associations) in the network is partly unstructured and the partner network has not been utilised effectively enough.

For the most part, companies feel that they receive good service from the Team Finland network abroad. However, the service provided by the network and the division of labour between the various actors do not seem clear enough towards companies. There is also a large variation in services offered across countries. It is not possible or meaningful to strive for a fully harmonised service provision in all target countries, but it is important that it is clear both within the network and especially towards companies what services are available through the foreign network.

### **Private sector internationalisation services are not utilised efficiently enough as part of the Team Finland network**

In general, companies find the level of public internationalisation services sufficient. However, especially the most advanced companies need specialised and tailored services that public services may not be able to provide. In this respect, companies are ready to use private consultants for supporting their internationalisation. However, the private services are not fully utilised as part of the Team Finland service portfolio. Partly this is linked to the discontinuation of (paid) services (offered previously by Finpro), which is seen to have weakened the service offering and especially the network of consulting services abroad. In the future, there is a need to develop processes that make more efficient use of private (including third sector) services as part of the Team Finland service portfolio.



## Recommendations

Based on the conclusions of the evaluation, the evaluation team has made the following recommendations to improve the effectiveness of the Team Finland network. It should be noted that some of the recommendations have already been implemented as part of the on-going internal development project of the Team Finland network.

### **Recommendation 1: The development of the Team Finland network should be continued in a determined and long-term manner based on the current operating model**

Based on the evaluation, the current Team Finland operating model provides a good starting point for the future development of internationalisation services. It is recommended that internationalisation services continue to be developed based on the current model as long-term as possible, by avoiding significant organisational changes affecting the customer interface.

### **Recommendation 2: The strategic goals of the Team Finland network should be sharpened**

To strengthen its effectiveness of resources, the Team Finland network should make clearer strategic choices and prioritisations, for example in relation to target markets, key themes, or target groups. This requires the development of ‘strategic listening’ practices and processes to make more effective use of the network’s market and forecast information to support decision-making, as well as the strengthening of the role of the Team Finland secretariat.

### **Recommendation 3: The service promise of the Team Finland network and the service portfolio should be clarified**

The Team Finland network and the portfolio of internationalisation services do not seem clear to companies. Instead of aiming for a situation where companies have a comprehensive understanding of the different actors and their roles, it should be ensured that the network’s service promise and offerings are clear. Due to the wide range of actors and services in the network, a “one-stop shop” model does not seem a realistic and appropriate goal. Instead, Team Finland should pursue the “no wrong door” model, where companies can be confident that they will receive adequate information on all network services, regardless of the initial point of contact.

#### **Recommendation 4: Co-operation and exchange of information within the Team Finland network should be further intensified**

The exchange of information has already been developed, for example with the introduction of the common CRM system. However, further attention needs to be paid to the matter also in the future. Putting the results of the on-going internal development project into the practice should be a priority. In the future, co-operation and exchange of information should be promoted e.g., with a more systematic and effective use of CRM, increased training within the network, and utilisation of a common internal platform for information exchange and document management.

#### **Recommendation 5: Common Team Finland goals should be implemented more systematically in performance management**

The common goals of the Team Finland network have so far been applied to the performance goals and internal management of various actors in very different ways. In the future, the common Team Finland goals should be more systematically incorporated into the performance management of the network's (core) actors and thereby also into the actors' own internal management practices.

#### **Recommendation 6: The Team Finland network abroad should be further developed based on the existing structures**

The Team Finland network abroad has been strengthened in recent years and the missions have been well involved in promoting exports and internationalisation. Strengthening the network abroad is still a justified and important priority in the development of the Team Finland network. The network should be developed from a strategic point of view.

Based on the evaluation, there is no need for structural changes in the Team Finland network abroad, and the current operating model is generally functional. However, the roles of the different actors should be more clearly communicated and the flow of information in the network should be improved. Also, the service portfolio of the network abroad should be further clarified (cf. recommendation 3) and the partners (e.g., Chambers of Commerce) be more closely involved.

#### **Recommendation 7: Regional operating model should be further refined by disseminating good practice and clarifying the role of regional actors**

The Team Finland operating model should continue to enable various flexible regional-based solutions for organising the collaboration. At the same time, there should be more mutual learning between regions and sharing of good practice between regions.

The role of regional actors as part of the national operating model should be clarified by ensuring the representation of regional development agencies in the Team Finland advisory board, and by clarifying and communicating more clearly the division of labour and roles between the ELY Centres, and Business Finland.

### **Recommendation 8: Private internationalisation services should be more effectively linked with the Team Finland network service portfolio**

Private internationalisation services (especially abroad) should be more closely integrated into the Team Finland service offering. In practice, this could mean, for example, that the Team Finland network collects and disseminates information about different service providers to companies in a more systematic and comprehensive way. One option is to define certain transparent (quality) criteria and to maintain a (industry-specific) register of service providers available in different markets.

### **Recommendation 9: Investment and talent attraction activities should be more closely linked with export promotion**

For many companies seeking international growth, issues related to financing and attracting experts are key challenges for growth and internationalisation. These activities were not the focus of the evaluation, but the evaluation indicates that export promotion activities should be more closely linked to the activities related to investment and talent attraction.

### **Recommendation 10: The evidence base for assessing the effectiveness of the Team Finland network should be further strengthened**

Assessing the effectiveness of internationalisation services, especially through quantitative methods, is a challenging task. This is partly due to the limited information available on the different services. For example, in this evaluation, it was not possible to evaluate the services provided by the Ministry for Foreign Affairs and the development companies due to data constraints, although both are a very important part of the service provided by the Team Finland network. In the future, more efficient utilisation of CRM and opening it up to research should provide new opportunities for statistical and econometric impact assessments (e.g., comparison of the effectiveness of broader service packages and different service paths).

## More information:

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**The evaluation of the Team Finland network was carried out as part of the implementation of the Government's analysis, assessment and research plan for 2020.**

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