



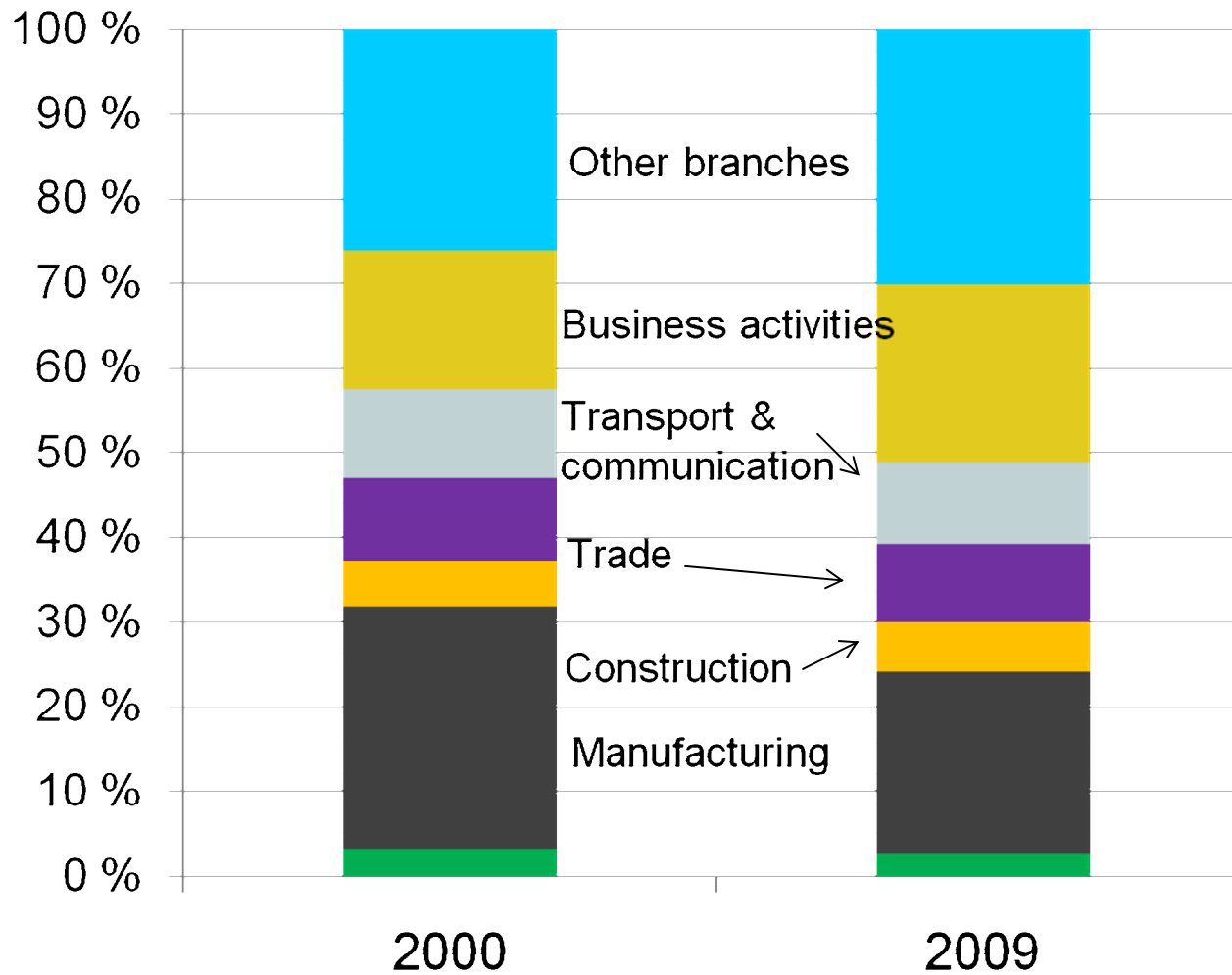
## **Requirements and needs of young Finnish SMEs**

Timo Lindholm 5.5.2010

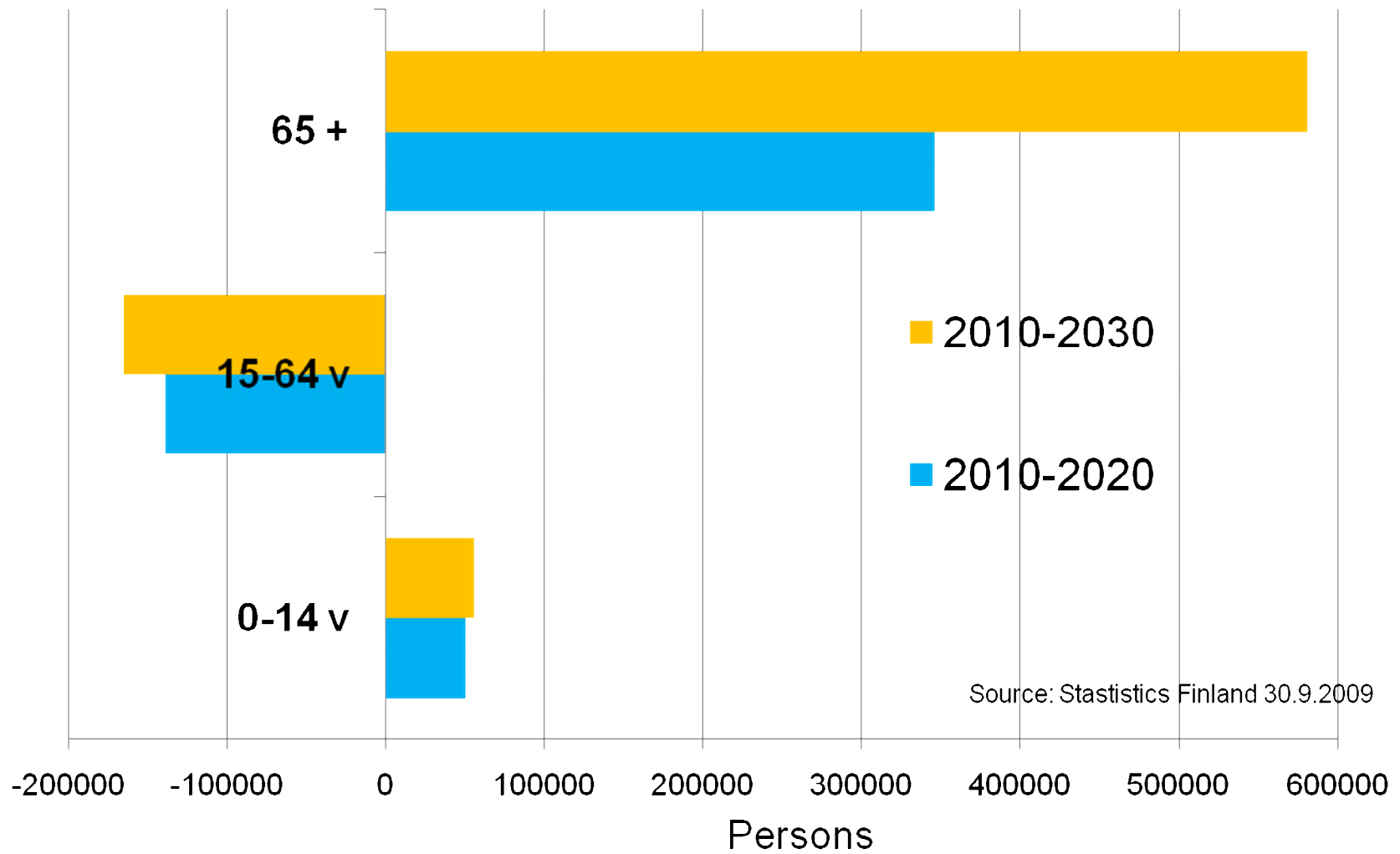
## Some basic figures.....

- Population 5 350 000
- Number of employed 2 400 000
- Number of unemployed 258 000
- Number of entrepreneurs 204 000
- Value of annual GDP (mill.€) 175 000
- Share of urban population (only) 67 %
- Average gross annual income
  - Employed 30 200 € (tax rate 24,3 %)
  - Entrepreneurs 39 700 € (tax rate 27,6 %)

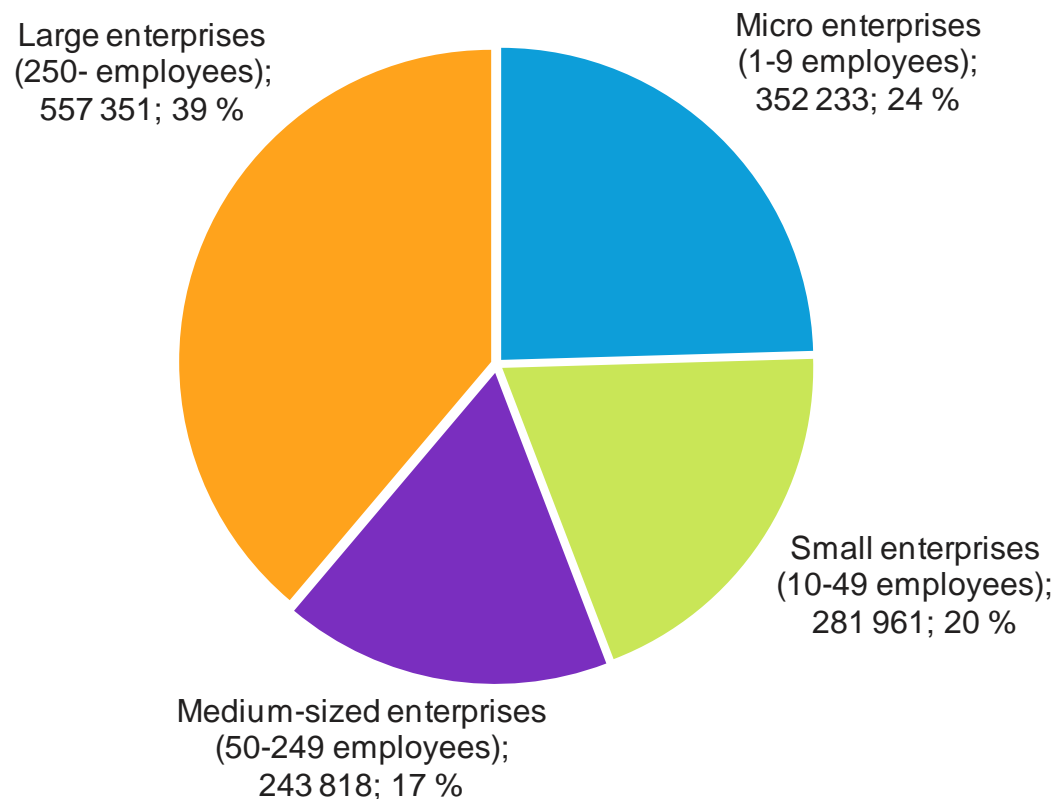
## Structure of the Finnish GDP



## Age structure of the Finnish population



## Employees in Enterprises



Source: Statistics Finland, Business Register 2008

Total 1 502 213 employees.

Total 1 435 361 without Agriculture, Forestry and Fishing (in diagram).

## Why don't we have more entrepreneurs and SMEs in Finland?

### ✓ **Attitude**

- "Start a business if you can't get a decent job"
- You may run a business – but don't get (too) wealthy

### ✓ **Finance**

- Several alternatives available – but is something missing?
- Risks: how to evaluate, carry and share them?

### ✓ **Incentives**

- Why take the risk? How low or high is the profit?
- Taxation: employed vs. entrepreneur

## Attitude

- Economic culture has not promoted entrepreneurship
- Historical base of the Finnish corporate sector was largely created by foreign entrepreneurs
- Finnish "tradition": life-long careers in large companies or in public sector
- General attitude has changed markedly since 1970's
- Value of entrepreneurship is understood and accepted – ownership and profit making not that well
- Young Finns prefer support, feed back and leisure
- "It is so hard to operate as an entrepreneur"

## Finance

### ❖ Banks

- Relatively large share of own capital, collateral and a proper business plan needed
- Insurance services and pension funds

### ❖ Finnvera

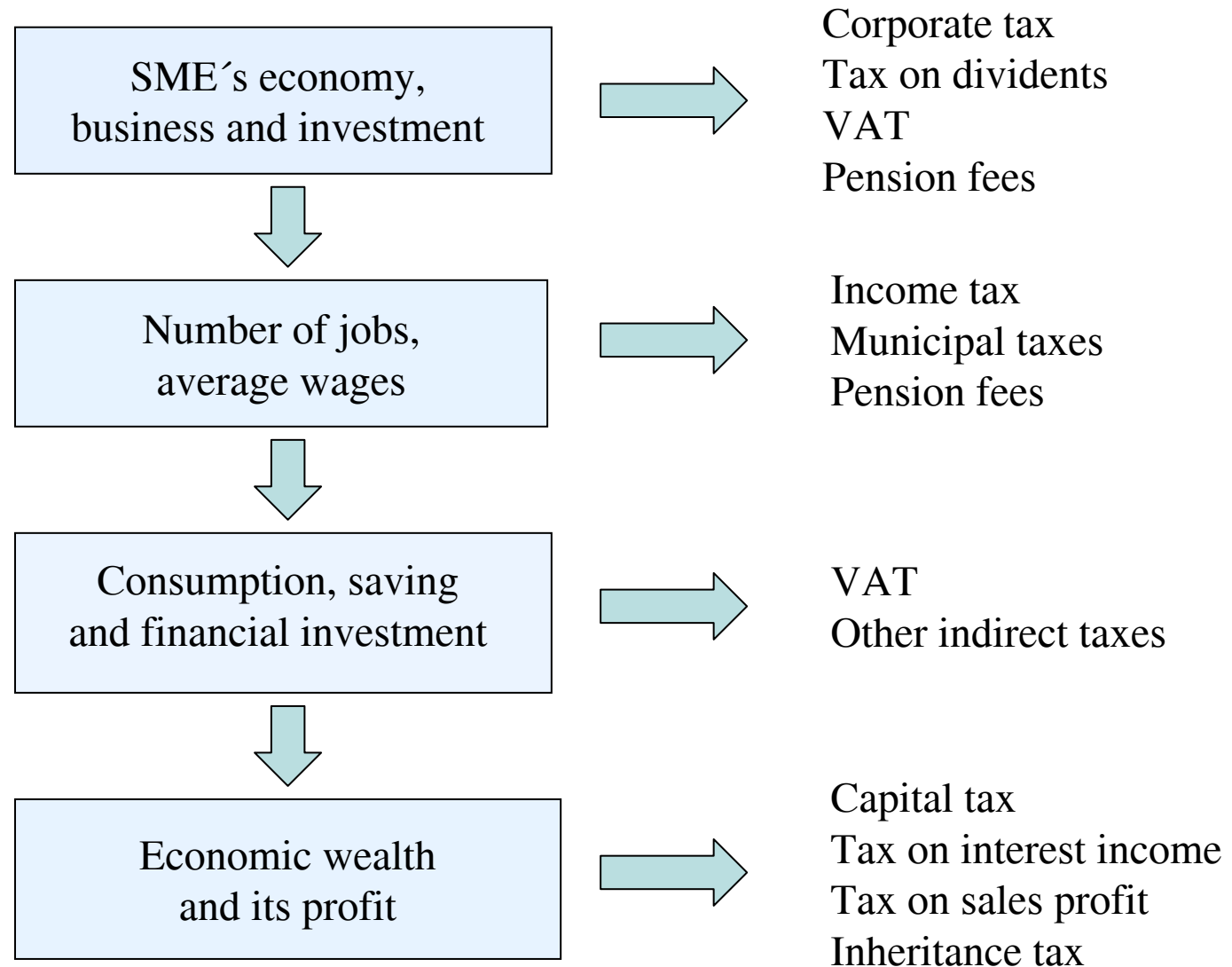
- Microloans 3,000 – 35,000 €
- Loans for women entrepreneurs up to 35,000 €

### ❖ Tekes

- Financial grants of 35 or 50 %
- Loans up to 70 % of total costs



## Incentives: wealth is generated in SMEs



## What more is needed?

- ❖ Courage, commitment and "sisu"
- ❖ Life-long learning and practical training
- ❖ Much more financial knowledge
- ❖ Pride and joy at times of own success
- ❖ Be active, enlarge your networks
- ❖ Don't submit to be a neglected innovator
- ❖ Emphasize services and user-friendliness
- ❖ Be bold enough also to failure