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# OVERLOOK ON PUBLIC FUNDING OF SMALL AND MEDIUM SIZED COMPANIES



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## KATSAUS PIENTEN- JA KESKISUURTEN YRITYSTEN JULKISEEN RAHOITUKSEEN

Pienten ja keskisuurten yritysten julkinen rahoitus ja tuki on monen eri organisaation vastuulla. Tämä tarkoittaa sitä, että tukea on tarjolla mutta sen hakemiseen liittyy kustannuksia ja riippuen yrityksestä sen saamisen edellytykset voivat poiketa jakoperiaatteista. Tuen jakamisen ja kohdistamisen kannalta on tärkeää löytää keinoja virtaviivaistaa prosessia jotta löydettäisiin keinot joilla tuen jakajan tarkoitusperät ja tuen saajien hankkeet saataisiin toteutettua mahdollisimman tehokkaasti.

ASIASANAT:

Pieni – ja keskisuuri yritys, julkinen rahoitus, yritystuki

BACHELOR'S THESIS | ABSTRACT

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## TITLE OF THESIS

The public support given to small and medium sized companies is behind multiple organizations. This results in to situation where the possibilities for support are many but there are additional costs related to application and that receiving the support might not depend on the original purpose of certain support. In order to optimize the delivery and focus of supports it is necessary to find new ways to harmonize the needs of both supporting organization and the receiving companies so that those are fulfilled as effectively as possible. [Click here to enter text.](#)

### KEYWORDS:

SME's, public funding, corporate support

# TABLE OF CONTENTS

<b>1 INTRODUCTION</b>	<b>6</b>
<b>2 NEED FOR FUNDING</b>	<b>7</b>
2.1 Availability of money	8
2.2 Alternative cost of money	8
2.3 Lack of regular income at the research and development phase	9
2.4 Public funding is needed to enable business	10
2.5 Reducing the risks	11
<b>3 SOURCES OF PUBLIC FINANCING</b>	<b>13</b>
3.1 Tekes	13
3.2 Finish industry investment Ltd.	15
3.3 Sitra	15
3.4 Finnvera	15
3.5 ELY-center	16
<b>4 SOURCES OF PRIVATE FUNDING</b>	<b>17</b>
4.1 Banks	17
4.2 Venture capitalists	18
4.3 FFF – Fools, Friends and Family	18
<b>5 RESEARCH</b>	<b>19</b>
5.1 Methods used	19
5.2 Sources	19
5.3 Timeline and motivation	20
<b>6 CASE COMPANY</b>	<b>21</b>
6.1 Financial situation	21
6.2 Application process	22
<b>7 INTERVIEW</b>	<b>23</b>
7.1 What sources of public support has your company used?	23
7.2 Describe the applying process in your own words	23
7.3 How long does it take?	23

7.4 How much in average you get support as loans or investment supports or such in a year?	24
7.5 What are the main challenges when applying for support?	24
7.6 What have been the biggest success / failure that were done with the help of public money?	24
<b>8 ANALYSIS</b>	<b>26</b>
8.1 Recommendations for case company	27
<b>SOURCES</b>	<b>28</b>

## **ABBREVIATIONS**

VC	Venture capitalist
SME`s	Small and medium sized company
ETLA	Survey organization run by Finland's business life
IPO	Initial Public offering

# 1 INTRODUCTION

This study takes an overlook to small and medium sized companies public funding. It also briefly takes a look to non-monetary forms of support and discusses some of the issues related to private funding. Research methods used in this work are strongly based to information received from the interview with one company that has experience from applying and getting public support. Relatively close contacts to the interviewed company makes it possible to use informal approach. Working experience from the company gives the researcher ability to interpret answers and even to give ones. Own experiences are one of the main sources of information alongside with interview mentioned above and literal study through web pages and physical books. Personal motivation for this study comes partly from the frustration that rises when public support has been applied in researchers working history. Also the public debate around the field of public support is interesting to follow and it was one part of the spark that directed the attention to this particular topic. Study is not meant to be a guide that walks reader through the steps of applying public support. Neither has it tried to cover all the aspects of topic. As the name of the study says, this is an overlook to complex field of public supports and it points out some interesting parts of it and discusses some of the challenges. Goal of this text is to offer a starting point to person who wants study supports more thoroughly or basic knowledge to person who wants to get basic idea how the system works. This goal is reached by taking a look into tasks and responsibilities of organizations offering public support through case company's perspective.

## 2 NEED FOR FUNDING

One question to be asked is that why companies need funding? Couldn't they just invest the revenues gathered by selling their products. This would be the fastest way because there is no need for applications that take time. Company would also save money when there is no need to pay any interests or expenses related to financing. There are many viewpoints for this. Especially for smaller companies the process of receiving money is not as easy as it might seem in media. Process for applying loan may take a look not only in company's finance but also in entrepreneurs own financial status. Depending on the type of applied support and the organization providing it the requirements are different. Loans may need guarantees or they might be risky loans where loaner carries the risk. The investments that support growth or internationalization will need detailed planning that present the company's capabilities to undertake such projects. (Selinheimo, 1994) Growth and financing are also linked together. Without financing there can't be any growth and without growth there is little need for financing. This is not naturally absolute truth in every circumstance but still it demonstrates a clear link between these two. Technology based company, such as pharmaceutical company, need a lot of time and resources to deliver the output. It also takes a lot of preliminary planning and adjustments over time to manage the processes. (Heinonen 2009). In other hand in the field of grocery market the time span is more rapid and the actions should be adjusted accordingly. Resulting from this is that even the best theories cannot be used to explain all the companies.

## 2.1 Availability of money

Company that has steady position in the markets can easily use their own incomes as a method for investments. (own experiences 2011-2012) When future revenues are as expected and that can be predicted it is easy to plan investments beforehand. Companies that are starting their business cannot be sure of the future cash flows that carry them through the development phase. Many times the situation can be that the money needed for investment doesn't exist at all or that the investment would take all the money and nothing would be left to run the business. This kind of situation depends on the size of the company and the investment. This applies also when private funding is discussed. Banks and venture capitalists are not willing to lend money in to business that is not likely to success or even if they invest they demand high interest to cover the risk. Initial public offering is also an one way to gather money from private source but that also means that company has to give away some or all the control over decision made. One important factor to notice at this point is that public organizations can take part in to IPO but then their investments are not support but direct ownership.

## 2.2 Alternative cost of money

Another viewpoint to question is that the capital invested by the owners, same as available capital inside company, is not actually free. All the sources of financing have expenses regardless of its source. Many times it is actually more expensive to use own money for investments than to borrow it. For example if you expect that investment generates profits 5% p.a. for the next 15 years it's much more likely that company could choose another target to invest its own money and get higher profits. This applies at least on situation where stockholder are not pleased to profit generated because normal investments done in the financial markets generate higher profits over time exceeding at least the 5% limit. ([www.porssisaatio.fi](http://www.porssisaatio.fi)) In this light the investment is not a good choice. In the other hand if company could get a loan with the terms of foreign capital at



the costs of 3% p.a. the investment would be profitable. This is naturally only a rough example and the number are only estimation but still it clearly points out that funding from outside may be a profitable choice for company. Factors affecting to this kind of calculations are also the expected profits from markets in general and the rating level of company. In other words the level of trust towards the company's capability to pay back its loans in order to get interest low enough to support the investment. (Modernni rahoitus 2010)

	Cost of money	Profits % p.a.	15 years	Costs	Profit
Funding from outside	3% p.a.	207,89 %	155,80 %	52,10 %	
Funding from inside	6.% p.a.	207,89 %	239,66 %	-31,76 %	

1. Picture presents the end result of investments with different funding costs.

### 2.3 Lack of regular income at the research and development phase

For example the new pharmaceutical companies have huge challenges when developing new products. New drug takes lots of time to finish and in the developing phase there is also big need for expensive investments. At some point of development phase these conditions create a situation to the company that is generally named as a "valley of death". Meaning a period of time when incomes are extremely low and expenses are high. Normally this period can't be avoided so even the preliminary plans for drug development need to take the funding in to a consideration. Due to different sources of financing the development phase might include several sources such as capital invested by owners and VC's,

public support and loan from bank that is guaranteed with property. At the beginning it is normally the owners who invest their money to the company. After the starting phase the possibilities are many, but if the product does not show enough economical potential it probably will not interest venture capitalists and definitely not the banks. This is also the situation when the start is promising and private funding is secured but then the project runs into problems. It is difficult to get funding from other sources than public funding. If the owners have strong believe to the product and they can be convincing enough it might still be possible to get direct support or a loan from public organization. (Heinonen 2009)

#### 2.4 Public funding is needed to enable business

Sometimes the field of business is so risky or the earning possibilities are so moderate that it is not possible and reasonable to start business with own risk. Finish movie and TV-series industry (own experience from corporate customer) is very challenging atmosphere to do business in. Normally at the start basically no income comes from the business itself but from the different kinds of cultural supports. The situation might also be that small companies get support from private organizations like Finnish movie foundation but normally these foundations get their capital from public organizations. So even though the money doesn't come directly from the government its origin is strongly public. This kind of situation might continue also when company grows older. Situation is general with only very few exceptions and rightfully can be said that public and NGO funding are running certain areas of business. This study takes no side on the debate that if this is reasonable or effective situation.

## 2.5 Reducing the risks

Even though this study takes an overlook to small and medium sized companies the situation with luxury cruise vessels in STX harbor offers a good example on the situation where public funding is needed to control the risk. Main amount of the money is paid when the vessel is delivered to buyer and the constructor needs to fund the building process from company's own money. ([www.taloussanomat.fi](http://www.taloussanomat.fi)) When the project is too big the company might need public funding as actual money or as guarantees from the public sector in order to verify that it can overtake the whole project. This kind of situation can easily happen in situation where SME is starting international operations. The risk might be too high to start operations or the funds may not be there in the first place to support the internationalization of company. When reducing the risks and internationalization are in topic it is also important to notice that there are many public organizations that promote and support the international commerce. Without direct monetary help these organizations and offices can help in other ways. Public support organizations give additionally to money also other resources for company to use. It can be professional advices to start an international venture or facilities, office or laboratory to Start-up Company

## 2.6 Other reasons

Public funding can also be used to support possible entrepreneurs that wouldn't normally start their own business. Public funding can work in these situations as a symbolic support that encourages for example women or immigrants to start up their own business. It also can be only or on of the few sources of funding that they can apply. This is because of the fact that only public organizations are willing to place their own money under risk losing those with low or no expectations to making profit. From government point of view this can be wise if support is paid in a way that generates taxes and GNP instead of paying welfare supports. This can happen also in other way. Public organizations can for

example pay the whole or part of the salary when company hires employee within certain rules. [www.ely-keskus.fi](http://www.ely-keskus.fi)

### 3 SOURCES OF PUBLIC FINANCING

There are two major sources of finance in Finland, Tekes and Sitra (Heinonen, 2009). There are also other kinds of public institutions that offer different kinds of support forms for companies like ELY-centers, TE-Centers, Finnvera and Finish Industry Investment Ltd. The methods of support and the target group vary greatly and all these investors have different kinds of criteria for granting support. As listed on the reasons for outside funding the public funding has many reasons that the organizations try to achieve. It may vary from protectionism between countries to supporting minorities inside on area. Public support organizations are needed when markets are not working effectively or when the results are unbalanced. In other hand the public organization may slow down development and support part of businesses that are not healthy or productive. (Pohjola 2008)

#### 3.1 Tekes

Tekes offers support for companies' development projects and from its funding 70% goes to SME's ([www.tekes.fi](http://www.tekes.fi)). Tekes may offer direct grant or risky loan that doesn't need applicant to present any guarantees. The proportional amount of support and distribution depends on the nature of the project. This is presented in the table.

Maximum funding for SME's from Tekes			
Nature of the project	Grant %		Loan %
International joint projects and their preparation	65		
Challenging research and development projects	50		
Challenging development projects related to	35	or	70

products, business methods and services	25	and	25
Productisation, pilots, demonstrations, test production and validation			70
Development of work organisations	35 or 50		

1

([www.tekes.fi](http://www.tekes.fi))

In order to receive funding for research and development operations the company needs to present equal amount of own funding. (Maula, Murray & Jääskeläinen 2006). This presents limits to funding activities provided by Tekes and natural result from this is that problems with own funding are reflected to applying support. Financial instruments have not been the same forever. Tekes also offers comprehensive support for developing business for young and innovative companies. Example from this is Valkee Oy that received support from Tekes 700.000€. Valkee OY product Ear-light has received lots of criticism that claims that their product is not scientifically proven to have any functions. (MOT, TV2). Another example of Tekes nature of risk taking is a web-site that was developed to meet needs of Muslim culture.

These two examples are only few cases where money has been wasted. Tekes offers support mainly based on the potential of the company, not based on the facts it operates under.

SHOK's are on part of the support form that TEKES has. They are clusters that combine the specialists in certain branch of business. TEKES offers guidance and monetary support for the companies participating. Supporting these clusters is different compared to TEKES normal projects. Normal support forms are for certain predetermined projects. Support for SHOK's is continued as long as it is seen useful by all participants.

[www.tekes.fi](http://www.tekes.fi)

[www.hs.fi](http://www.hs.fi)

### 3.2 Finish industry investment Ltd.

FII is 1.8.1995 started government operated company which main purpose is to stimulate the growth of privately managed VC funds. (Maula, Murray & Jääskeläinen 2006). It also invests to VC funds and directly to companies. Total amount of FII investments is 690 M€ and it is divided to 80 funds and to 80 companies. [www.teollisuussijoitus.fi](http://www.teollisuussijoitus.fi)

### 3.3 Sitra

Sitra was originally founded 1967 in order to preserve stable and balance growth of Finland's economical system. In 1991 it was moved under Finish parliament to act as an individual fund. Their goal is to gather comprehensive networks from all areas of society and to develop and test new ways of doing business. They also help with issues related to funding. One way of doing this is to take part into projects launched in co-operation with companies. Sitra has many key strategic areas where it concentrates its investments such as food and health. [www.sitra.fi](http://www.sitra.fi)

### 3.4 Finnvera

FINNVERA is organization that concentrates of supporting the starting of business, growth with development and internationalization. This is mainly done by offering loans, quarantines, and risk sharing with other funding parties. FINNVERA has lately been on the news that considers the investment to large cruiser in Turku. [www.finnvera.fi](http://www.finnvera.fi)

### 3.5 ELY-center

ELY-centers, formerly known TE-centers operations have also moved under their jurisdiction, operate under the Finnish ministry of labor. ELY-center is divided in to 15 areas and all those regions have own departments which decide if they give support. According to the ETLA-report the supports are focused to companies with R&D activities and that older companies receive more support. The study also reveals that companies that have been able to receive support once will probably receive it again. Interesting fact also is that if company receives support from one organization, there is high probability to situation where company receives support also from other organizations. This fact gives reason to assume that receiving support depends at least partly from the actual ability to make the application. In the other hand the ELY-center says in its own rules for granting support that the support must enable situation where company can turn its operations in to profitable ones.

<http://www.te-keskus.fi> 8.12.2012

<http://www.etla.fi> 8.12.2012



## 4 SOURCES OF PRIVATE FUNDING

Organizations and persons offering private funding to companies have normally only one target, making profit. Depending on the source and the situation the private funder may wish to gather back the invested money with profits as fast as possible or there can be a motivation to keep the original investment inside the company and only to enjoy the profits through longer time period. These sources can be useful to company due the fact that normally either the cost of money is lower, bureaucracy is lighter or the expertise received is better when compared to public funding. These opportunities do not open to all companies and the limitations and benefits are presented in following chapters.

### 4.1 Banks

Banks are companies such as any others and they are traditionally making their business out of lending money. Companies can use the banks resources to finance investments at reasonable price without giving away parts of business permanently. The other side of the coin on this is that because banks are not getting high compensation they are not willing to take high risks and demands for giving loan are strict. New company is able to get small credit to run daily operations but for larger investments the banks require steady incomes to insure the payback and many times guarantees that can be used in case of failure in the payment plan. Banks also rarely have expertise to help company in executing investments, apart from the operations that are needed for money transfer. Credit that can be gotten from bank can be a credit or payment time card, loan that is focused on certain investment or account credit. Credit or payment time cards are normally with credit limit that is adjusted accordingly to monthly costs and are used to run daily operations. Loans for certain investment are tailored to match company's need and these are normally paid back

with monthly payments. Account credit is permission for company to overdraw its balance up to certain limit. This kind of arrangement is used for example when company takes precautions for future expenses such as vacation period with higher salary costs and with less income. Banks mainly invest through terms of foreign capital meaning that the loans must be paid back regardless of the success of investment.

#### 4.2 Venture capitalists

Venture capitalists are private persons, groups or other companies or organizations that do business through financing companies. Companies that could be considered venture capitalists invest either directly to company or through special investment funds. Behind these funds there can be pension organizations or other rich parties that not necessarily have expertise in the field of target business. Individuals that invest their own money to promising companies are many times called as business angels. They are much more likely to select a target company that operates in field that they have knowledge of due the fact that their help is many times needed to develop the company further. In general venture capitalists and business angels goal is to make money in few years period by purchasing minority part of the company's shares and the turn that portion into money through IPO or sale of the company. ([www.businessoulu.com](http://www.businessoulu.com))

#### 4.3 FFF – Fools, Friends and Family

Especially in the early phases of starting phase the company is not able to ensure or fulfill the demands of either the public or private parties that could offer financing. Then the only solution is to gather the money from persons that are close to the owners. The amounts received like this are not high but there is logic behind gathering the first investments like this. If you can't ensure the people close to you then there is something wrong in the company.

## 5 RESEARCH

### 5.1 Methods used

On clear disadvantage in this study is the low number of interviewed companies. Lack of time forced to concentrate on the company that is familiar to me. Only one answerer makes it possible that one view point might not represent the real field of public supports. That might lead the analysis to wrong direction. In the other hand the relatively close relations to company studied makes it possible to understand their answers in right context. In this light I feel that interview in location with only one company is enough to get proper idea on the topic and to support the goals of this study. Another thing that can be argued is the fact that no organization providing the support is interviewed. This decision was made at the early phase and is based on the fact that during the study there is not enough time to take multiple organizations into consideration. From this follows that interviewing only one organization would affect the analysis greatly when it would provide only one viewpoint. Compared to only one interviewed company the difference is that there is no possibility to similar understanding of the answers of organization giving the support.

### 5.2 Sources

This study relies on three kinds of sources. Books – both physical and in the internet, organizations home pages and own experiences from working in company that applied support and in bank that gave viewpoint to granting funding. Books and home pages give accurate data that can be used as it is with normal criticism. Own experiences in other hand are at the same time more useful and more difficult to take advantage from. Especially when writer's attitude towards the effectiveness of public funding is very skeptical it is important to keep that in mind when writing or reading the sections that are based on personal experience. When I am well aware of the problems and I am acknowledging my atti-

tude towards topic it is possible to control the problems and utilize the possibilities. In this light I see that source types and amount of those is enough to provide properly done overlook.

### 5.3 Timeline and motivation

Most of the work for this study is done in few weeks. The lack of time and limitations in the amount of work that is needed to be done for this study can be noticed when details are not finalized to excellence and that there still remains topics that could have been studied. Also the analyzing part might have taken other and more interesting paths deeply to the core of the topic. Problems with the limited possibilities for execution and tight timeline cause a situation where compromises have to be made while conducting the study. Understanding the limitations is necessary while reading this text in order to get what can be taken from this study and to understand the real value of the information given in this study.

## 6 CASE COMPANY

Case company's name is altered in order to ensure that no company secrets are revealed. Umbrella is company that operates in food industry. Mainly it refines fish that is owned by others but company also has own products to sell. It also rents employees in high seasons who are skilled for example in filleting fish. Employee number is around 30-45 depending on the time of year. In the history the supports applied from public sector are meant to cover expenses that are related to machinery investments that would be purchased anyway. Last investment plan that company has is to start operations in with less valued raw material, meaning fish that is not highly valued such as pike or perch. This investment is calculated so that it is profitable and possible only with the help of investment support. The support is mainly applied from South-West Finland's ELY-center. Company also gets some support to train and hire new employees but those amounts of money are very low compared for example to turnover. This information is based on one year of working experience in this company. Interviewed person is CEO of Umbrella. The questions were asked during November 2012 while normal work.

### 6.1 Financial situation

After several years of rapid growth the Umbrella is extending its field of operations. Recent additions to operations are the freezing services performed to other companies and the usage of less valued fish material. In the history company has used mainly the incomes to finance the investments and public financing has been in a role of additional information to support the investment decision or extra source of financing. There have also been situations where outside financing has been needed. For example the purchase of lorry has been financed by loan from a bank and the up-coming investment to mass making machine requires support from public financing organization. The investment decisions are not made according to careful calculation but through needs of

certain market situation. At the same time these investments have determined the growth pattern for the company. The investments lack the calculations that could present the costs and incomes until the end of the investment time. For example the purchase of lorry was done because there was an urgent need for transportation services for own goods delivered to nearby food markets. The option, outsourcing, was thought and evaluated according to experiences received from previous services from transportation companies and not by planning or calculation. This and other similar situations are mainly caused by the fact that company is a "one man show". Administration is very flat and CEO handles almost everything else except bookkeeping, billing and payroll. When financial planning is compared for example between small companies in grocery business and big pharmaceuticals corporations it is clear that challenges are different.

## 6.2 Application process

The process described earlier is complex itself. When you add the difficulties in producing the application inside the company it is easy to understand the delays and additional costs between the time beginnings from investment decision until to payment. As mentioned the initial signal for investment is normally an urgent need for certain product, machine or service. This is clear example from need driven innovation and growth. When the purchase decision is made then CEO and office person make a preliminary application that is delivered to officials. In this case it is ELY-center. The application needs to state the purpose and estimated costs for upcoming project. When this is done it is possible to make alterations to original application. At this point it is also crucial that no purchases are made prior to date that application is delivered to officials. Possibility to update applications leads to situation where there can be up to 4 versions of support application.

## 7 INTERVIEW

### 7.1 What sources of public support has your company used?

South-West Finland's ELY center is the main source. Also the office of labor and other organizations providing education to young people have given some monetary support or trainees to work.

### 7.2 Describe the applying process in your own words

Applications are made mainly to South-West Finland's ELY-center. It demands lot of paperwork in the office and it gets easier every time. First step is to get "green light" signal from the decision makers. Meaning that you get the knowledge that there is money available to be given and the field of business where it is mainly meant. That doesn't necessarily mean that support is granted. Then company makes the preliminary application that states what the project that needs funding is all about and after that the investments can be made. When all the investments that belong to certain project are made can be the application made. After waiting a long time comes the decision that if the support is granted and after that follows the application to get the money. The support received as partly paid salary is little bit simpler. The organization in hand will present the person and they will also take care that needed reports are filled by reminding of those.

### 7.3 How long does it take?

Normally these kinds of projects are mentioned to last up to 3 years. Fastest route that can be thought measured from the decision of buying something to receiving money is 6 months.

7.4 How much in average you get support as loans or investment supports or such in a year?

There has not been any need for actual loan from any supporting organization because company has been able to finance investment through normal loans from bank. The amount of investment supports from ELY-center in a year varies from 0€ to 70.000€.

7.5 What are the main challenges when applying for support?

One main challenge for company with only few administrative employees is the needed time to make the application. The time is taken away from productive work and depending on the situation the hours of needed time can be extremely high. Related to this is the next problem that the certainty of receiving money is quite low. It might be that even though the "green light" has been given the application still doesn't go through. Another reason might be that the ELY-center doesn't have funding left to support the investment. The time needed to process the application in company is easier nowadays because the mistakes made in first applications are not repeated. It also helps that the persons in supporting organization are more familiar.

7.6 What have been the biggest success / failure that were done with the help of public money?

Basically the money received as public support is used to speed up future investments. One big success will probably be the project planned to utilize less valued fish. The value on not processed fish is extremely low and investment on machinery must be made. The cost of that is so high that without the 30% of investment support that project would probably have been abandoned. In our company there has been no big failures related to public support. It has caused



some problems if the application is not passed if it is budgeted but all the investments made are still needed anyway.

## 8 ANALYSIS

After reading through the theory and comparing it to the knowledge that already existing and to the information received through interview there are few points that should be discussed. The supporting organizations listed in this study are not only ones. Even without looking to their operations it seems clear that some parts of their tasks are bound to overlap when multiple organizations operate in the same field. This is the truth also after studying more deeply in to the organizations. It is hard to separate organizations from others according to their responsibilities or to draw a map showing the concrete areas where only on organization focuses. One debate that could rise from this is that is this the most efficient way to distribute support money and resources to private companies. This is especially questionable when the government is the source of money to all the organizations. At the same time it means that tax payers are supporting situation where high number of organizations are dealing with limited number of tasks. Another point to discuss is the basic idea behind supports. Many organizations state that the supports are granted according to the actual need and possibilities of the project but at the same time the ETLA study shows that companies that have received support earlier are more likely to receive it in future even if there is no difference in the actual target. Same situation also came up during the interview. After getting to know the personnel in supporting organization and learning to do the application more efficiently the probability of getting support is significantly higher. This is of course logical but it still puts companies and their projects in different positions. Even greater controversy behind the original meaning of supporting organization can be seen in a situation where supports are originally meant only to be used to launch certain operations but the same companies keep getting that kind of funding. Even if it is efficient from supporting organizations view point to support the same company the principles behind the supports should be changed to match the reality. Third point of interest is the fact that at least the interviewed company has only one main source of support. Company is growing rapidly and does international business and still

it chooses to apply support only from one source. Also the support received is only money and no professional support. Naturally it depends on many factors such as company's age, size and field of business if the company gains something valuable by applying support. Still this is a strong signal pointing out that for SME it might be too high effort to start making applications with new or many organizations. In conclusion this study has revealed that there are many supporting organizations that offer many kinds of ways of boosting companies operations. Still depending on the viewpoint because of or regardless of the high number of organizations for SME's the field of supports is complex and costs related to first support application are higher than the following. Because of this there is need for more studies in the area of company supports in order to optimize the process and make sure that support is allocated with maximum efficiency.

#### 8.1 Recommendations for case company

To optimize the process Umbrella should start to pay closer attention to following points.

Company should find a way to calculate the actual costs and incomes of certain projects. This follows directly from own experiences and from theory. In this way the company is able to plan also to the future for absolute profit and also to this would help to compare options.

In order to avoid duplication in costs that are applied there should be a list of the costs that are already used. During the process this has been noticed by officials few times. Duplications have not caused any problems yet but it still might cause awkward situations or even reconsideration of the application. At least it gives incompetent image to other party.

Company should do a research if it has possibility to obtain support also from other sources. In large scale that is not beneficial for all, but when it is looked from company's perspective that might bring clear benefits.

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