The USF platform – Internationalization passage for creating strategic business partnerships in People’s Republic of China

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In this thesis I research the USF platform which is an internationalization passage for companies who want to form strategic business partnerships in China. It was created and is being developed by Prizztech Oy, The City of Ulvila, The Regional Council of Satakunta, in close cooperation with HAMK Håme University of Applied Sciences and with support of NBCCD Oy. It is essentially an internationalization platform for business owners to Chinese market. Through the platform they can bring their expertise to the projects under the modernization programs set by the Chinese Central Government. Specifically, for the Made in China pilot city of Ningbo. The purpose of this thesis is to study the USF platform and understand how it can be applied to the Pitkäjärvi recreation area in Satakunta, Finland.

The USF platform is a new concept and created specifically to fill the demand for this type of cooperation platform. The difference to a more known and established models like the ones operated by Business Finland and the traditional Sister city model is that the USF platform requires less starting capital and is therefore very much less risky opportunity for the business owners. The way this works is that the business owners will provide the illustration of their field of expertise initially for free for a Chinese company under the modernization programs set by the government. This will be achieved with the help of Nordic-Baltic China Cooperation Development Oy who coordinates with the different levels of the Chinese governmental system from Central to local Government within both administrative and state-owned enterprises. This expertise exchange can in many cases lead to a long term beneficial financial and strategic partnership between the stakeholders. In this thesis a detailed internationalization partnership plan is created for Pitkäjärvi recreation area based on the research and findings of the USF platform.

The research was conducted by exploring and studying articles written about the platform and by conducting in-depth interviews with the professionals who are behind the creation and development of the platform. In conclusion the results show that Pitkäjärvi recreation area CEO Mika Lavonius has a great chance to bring his expertise in the field of tourism and sport event management over to Ningbo, China. It comes down to finding the right company, creating trustworthiness and having the right people and networks by one’s side. All of this can be achieved within the USF platform and its partners. Results are based on the already achieved partnerships within the USF platform like Robocoast, the future projects and the information gathered from the industry professionals during in-depth interviews and meetings. In conclusion the USF platform is a new and innovative way to create partnerships with the Chinese companies and based on the research there’s an interest and demand for it. The results show that in practice Mika Lavonius can contact USF-platform and they can help set up a meeting with the right officials under the suitable modernization program where Mika can provide his expertise to start the process of creating a strategic business partnership.

Keywords
Peoples Republic of China, partnership, business, model, platform
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1 Introduction

The relationship between Peoples Republic of China (later China) and Finland has gotten much closer in many ways during the current President Xi and Premier Li administration. There have been many visits by the Chinese Heads of State and vice versa when Finnish ministers have visited the Chinese central government. As an indirect result, Chinese tourism in Finland has increased but mainly affecting only Helsinki area and Lapland. In the provinces outside of the capital region, the increased activity of the Chinese has been acknowledged as visits by state officials and almost every municipality and city have written articles about these visits hoping that they would bring business into the province and as a result the region would achieve financial growth.

When the Chinese public sector delegation leaves for a business trip they can spend a total of 5 days on the trip as commanded by the Chinese Government. However, 5-day limit applies if you’re traveling to only one country. If the delegation chooses to get to know 2 countries, they get a total of 8 days with some exemptions it can be 10 days and three countries. This is where Finland comes in. For the past few years many of the Chinese delegations have used Finland as sort of a gateway to Europe. It is easy to come here and arrange a meeting with a government official because Finland is a small country and a very small player globally. Basically, the Chinese delegation comes here for one day, then gets an extension from their government and continue to more lucrative areas like Germany. This is also a problem on our end because so far, the Finnish party officials hadn’t had the desire or expertise to continue the interaction with the Chinese. (Perko Heikki, 27 November 2018)

In China the travel agency representatives call to officials in Finland to arrange these meetings. Finnish government officials are often excited as they interpret this visit as a desire to do business, but mostly the Chinese delegation has had no other goal than just to visit and do some cultural exchange. Most European countries already know this pattern as they have had years of more experience communicating with the Chinese than Finland has.

For the most part based on these visits, the Finnish officials have often come to a wrong conclusion, either over or underestimating the results of the trip. For the most part, it is enough for the developers to get the result, that the Chinese delegation has visited the community. Therefore, a new operating model was created in Satakunta, Finland that can be used between Finnish professionals and the Made in China 2025 pilot city of Ningbo. The model aims for a new approach of joint development of businesses in both countries.
This internationalization model, named as the USF (Ulvila Satakunta Finland), is based on the modernization programs of developing the Chinese society. The development of tourism services is one of the top priorities of the modernization programs.

In this thesis, I study the USF platform and its utilization in the internationalization of the Pitkäjärvi Tourism Area in Kokemäki. The aim of the thesis is to study the USF platform and explain how a small business owner of a specific area can form an international partnership through the USF platform.

I have done my research for this thesis mainly by talking to the people behind creating and developing the USF platform. Most notably Heikki Perko who is a business development coordinator at Prizztech Oy and Jukka Järvinen who is a co-founder of the company NBCCD. I have also read news articles and other articles written by people associated with the USF platform. In this thesis I will also give examples of how the USF platform has already been used and what has been achieved through it. All these things support my work and the credibility of this thesis.
2 Chinese Central Government

In this chapter, we will look at China’s vitalization policy and two important branches of government that support the work in this thesis. The USF platform was created to work with the modernization programs set by the Chinese government. Therefore, it’s important to know what the rural revitalization strategy is and how specific government branches are relevant to us.

The Chinese central government has created a set of rules and goals for the internationalization and modernization of rural Chinese cities. It is in the cities best interested to work towards these goals because if the goals are met they will get financial support from the central government which they can then invest into the growth of the city. Under the Made in China 2025 program the Chinese government is funnelling 300 billion into different strategic industries to fully modernize the country. (ABC News article, 2018) The city of Ningbo is the first pilot city under the Made in China 2025 program.

2.1 Rural Revitalization

The strategy of rural revitalization was first proposed as one of the major aspects of developing a modernized economy. The report was delivered to the 19th National Congress of the CPC (Communist Party of China). In this latest document. (Xinhua News Agency 2018) The strategy was described as a "historic task" essential to accomplishing China's modernization goals and building a moderately prosperous society. China cannot become modernized without modernizing its agriculture and rural areas, said the document. Below are the objectives set by the CPC for different stages of the vitalization program.

By 2020, the strategy should have established an institutional framework and policy system. By then, no Chinese people will live under the existing poverty line, and rural productivity and agricultural supply will improve substantially.

By 2035, "decisive" progress shall be made, with basic modernization of agriculture and rural areas. All Chinese, either in cities or rural areas, will have equal access to basic public services. Urban and rural integration will improve.

By 2050, rural areas should have strong agriculture, a beautiful countryside and well-off farmers. Han Jun, chief of the Office of the Central Rural Work Leading Group, said the document was "problem-oriented" and a "top-level design" for China to achieve prosperity in rural areas.
The document not only elaborates on the significance of the strategy, but also sets the tone, specifies the targets and policies and makes requirements for governments at lower levels, he said. The document puts a lot of emphasis on the need for proper planning. Local governments have been required to specify their plans according to the local reality, especially for the period from 2018 to 2022. This means that different villages can already be in different stages of development. Based on their situation, they will decide what things to prioritize. For instance, in well-developed villages, the priority may be on increasing public services. In villages with a long history and rich natural and cultural resources, development must be done along with environmental and cultural protection. In villages with harsh living conditions and a fragile natural environment, more efforts shall be taken in relocation. (Xinhua News Agency 2018)

Below is an official statement from the President Xi Jinping regarding the vitalization strategy.

“Xi Jinping, general secretary of the Communist Party of China (CPC) and the President of China, has stressed the importance of rural vitalization strategy in promoting agricultural upgrading, rural progress and farmers’ development in an all-round way. Rural vitalization strategy is a major strategy put forward at the 19th CPC National Congress, and a historic task of overall importance which concerns fully building a modern socialist country, Xi said on Sept 21. He called for deepening the understanding of the major strategy and always resolving issues concerning agriculture. The countryside and farmers are the top priority of the Party’s work. The nation’s overall modernization will be impossible without modernization of agriculture and rural areas, Xi said.” (China Government News 2018).

Here Xi says that agricultural upgrading is the priority and he is right because of China’s growing population and their need to consume more. To fully and functionally vitalize and modernize the rural areas they need to acknowledge all the different industries within the country. Mika Lavonius the CEO of the Pitkäjärvi recreation area could come in as a person with expert knowledge on managing a sports and recreation area, so he could help develop that side of things with the local business in Ningbo.

### 2.2 Political Acquisition Eligibility

Loyalty is one of the most important aspects to consider and acquire while doing business with the Chinese companies. Without the proper knowledge, people and networks behind you, your business ventures in China will be almost impossible. For this you need to gain “face” also known as Guānxi in China. The word is defined as: “relationships”, stands for
any type of relationship. In the Chinese business world, however, it is also understood as the network of relationships among various parties that cooperate together and support one another.” (World Learner Chinese, 2018.)

This is what the company NBCCD (Nordic-Baltic China Cooperation Development) works towards, because the political acquisition eligibility process acts as a kind of link between the different stakeholders and especially between different organizations and administrations Finland and in China.

NBCCD has built and they continue to build strong trustworthy relationships with the Chinese government and with the ministries within the government. Once this has been achieved with a government official, they are willing to start working towards the strategic partnership with the recommended expert by the NBCCD. Particularly in this thesis research, Mika Lavonius, the CEO of Pitkäjärvi recreation area in Kokemäki, Finland.

2.3 State Administration of Foreign Experts Affairs

State Administration of Foreign Experts Affairs is the key organisation to cooperate with. SAFEA’s role in China is to coordinate the acquisition of foreign expertise from Europe, United States, Canada, Australia and New Zealand. The organisation is directly under the central government of The People’s Republic of China and they have offices across China in the most respective and important locations. They are also responsible for granting foreign experts’ certificate which is needed to apply foreign experts visa. Additional responsibilities they have are directly related to the modernization and automatization of state-owned factories across the China. (State Administration of Foreign Experts Affairs, 2018)

The organisation has many different recruitment models to attract experts and professionals, but they did not have an existing model for Finland. They just hadn’t directed much resources towards Finland due to our location and size of population. This organization is nevertheless the key for importing Finnish expertise over to China and therefore we introduced the USF platform to them.

SAFEA is a vital part of the whole process because it has technically given permission and accepted the usage of USF platform in the China’s modernization projects. This makes USF platform credible because through SAFEA it has recognition the approval of the Chinese central government. (Järvinen Jukka, 29 November 2018)
3 Business models

This section is meant to give a brief explanation of how the different existing popular models work and what is their primary purpose and who are they aimed towards. In the later chapter we are going to take a deeper look at these models and how they are different from the USF platform.

The reason why these models are chosen is because they are the most commonly known by the Finnish public or most commonly used by Finnish businesses. At a first glance they might seem similar but there are huge differences between them and mainly what are the models used for and who can use them. I will first explain the models and how they work and later we will compare them to the USF platform.

3.1 Business Finland model

Business Finland describes themselves as: “Business Finland is an accelerator of global growth. We create new growth by helping businesses go global and by supporting and funding innovations. Our top experts and the latest research data enable companies to seize market opportunities and turn them into success stories.” (About us, Business Finland website 2018) Basically the business model of Business Finland is P2P (Public to Public) and B2B (Business to Business). Their tasks can be divided roughly into 3 categories:

Firstly, Finnish and Chinese government officials meet (P2P), which leads to company meetings (B2B), dinners, seminars etc. Basically, the aim is to acquire big time contacts. If the company is willing to make a bigger capital investment it can speed up the process and get the business aspect going much faster.

Secondly, helping companies get a spot on globally recognizable fairs. This could be any field like travel, technology etc.

Thirdly, aiding in navigating the Chinese commercial market and searching for deals with huge financial payouts from bigger companies.

The way Business Finland model process works for the Finnish small business owner is that they will simply contact Business Finland’s team of experts. This happens by filling in a contact form on their website, which includes the business plan and the needs of said
company. The team at Business Finland will then analyse the form and assign a consultant to work with the business owner to fulfil their specific needs.

Basically, these are called trade missions where a business owner pays Business Finland consultant 1000€ excluding VAT. This is also not including the flight costs, accommodation or food related expenses. (Business Finland website, 2018) This is however just one short mission and it doesn’t guarantee a partnership of any kind. Continuous monetary investment is required for pursue business further.

For the bigger companies that can put down a sizeable investment, it is good. However, the smaller companies often don't have the capital or resources to take part in this kind of process. That is why alternative models are needed to ensure that the Chinese markets would be open to a significantly higher amount of Finnish Companies.

3.2 Sister City model

The sister city model is essentially a contract between 2 cities or towns to promote their culture and commerce. In this thesis we will focus solely on how the sister city model is made use of between Finnish and Chinese towns and cities. A good practical example of this would be the Helsinki – Beijing sister city agreement which they signed in 2006. (Kuntaliitto, 2015) The model is essentially based on P2P (Public to Public) relations with a smaller emphasis on B2B (Business to Business). This is because in Chinese culture is very important to get to know your business partner and through this process establish trustworthy and face. This is also what NBCCD means by political acquisition eligibility.

The Helsinki – Beijing agreement was the result of the once great phone manufacturing company called Nokia. In the early 2000s when the Nokia business was still booming, and it was the biggest employer in Beijing at the time so obviously Nokia wanted to capitalize even more with the brand, hoping that the Sister city agreement would bring more Chinese business to Finland. The reason why the agreement worked was because the Chinese already knew what Nokia was. It was a trustworthy company with a loyal face. (Kuntaliitto, 2015)

Then as we all know during the 2010s Nokia fell because it failed to compete with the innovations coming from other companies. As a result, the sister city agreement nowadays mostly consists of cultural and educational exchange. For example, the Chinese New Year fair is held every year in Helsinki and during the “Helsingin juhlaviikot” there’s always many Chinese artists coming to show off their work. On the educational side the two cities
exchange knowledge mainly in technology and different educational institutes in the cities exchange representatives to learn even more from each other.

This is what sister city agreements are in the nutshell. They are promoting their cities, cultures and innovations. Most of them hope that on the long term this would lead to a financially beneficial business deals on the long run.

3.3 The USF platform

The USF (Ulvila Satakunta Finland) operating environment provides Finnish business and government operators with the option to be part of selected strategic pioneering projects happening mostly in the pilot city Ningbo. The USF platform was created as a way for a Finnish business owner to eventually collaborate with a Chinese business through the modernization programs set by the Chinese Central Government. It was originally created by multiple entities Including Prizztech Oy, The City of Ulvila, The Regional Council of Satakunta, in close cooperation with HAMK Häme University of Applied Sciences and with support of NBCCD Oy. (Perko Heikki, 27 November 2018)

The USF internationalization passage is a description of activities that develop the operating environments through public-to-public co-operation with China's central development and modernization programs. The Chinese government looks for expertise outside of China because they don’t have enough resources themselves. This is partly because China is relatively new industrialized nation. Especially the more rural parts of China lack the expertise to develop areas and that is why they have created these modernization programs.

The key to success is to first work and communicate with the Chinese public sector to establish mutual understanding. Through this process we will get trustworthy partners from both countries and eventually the businesses can begin their own collaboration and start pursuing financial benefit.

The USF platform is based in Ulvila-Satakunta-Finland area. It does not mean that USF only focuses on development of Ulvila. USF-Platform cooperates with different stakeholders in Finland and Europe. It is just a model that acts as guidelines for the Chinese government. By taking advantage of the model it allows the Chinese public sector to collaborate with Finnish and European professionals. The overseeing of the USF platform will be done in collaboration of the city of Ulvila and city of Ningbo and it will be a service of Prizztech Oy.
The aim is to develop an environment based on the chosen theme, where organizations in the circle are taught to work autonomously in social development and modernization projects launched by the Chinese central government. Within the operating environment, the development of competence and the adoption of the operating model is based on the transparency of the organizations, sharing knowledge and experiences, and learning from others. The USF internationalization passage is best suited to organizations that can define goals for their business, are able to commit to the operating model for 12 to 16 months and are able to act in a predictable way. (Perko Heikki, 27 November 2018)

3.3.1 Functionality

China has a modernization program called Made in China 2025. This is one of the programs that collaborates with the USF platform. It is mostly defined as a development environment for projects regarding robotics, automation and artificial intelligence.

Great example would be the Robocoast program (Robocoast, 2018) which originated in Satakunta, Finland. Their goal is to bring Finnish companies and experts over to China to develop and modernize automation processes in Chinese factories. This partnership was achieved through the USF platform, which more than proves its effectiveness. You can think of the USF platform as an umbrella and we can fit many modernization projects that pursue wildly different themes under it.

Under the Made in China 2025 program the government wants to vitalize rural china and has reserved 300 billion euros for this long-term project. (ABC News article, 2018) The Chinese central government wants skilled and knowledgeable people from Finland and Europe to help them in their modernization and vitalizing of China. This is where the USF platform comes in.

3.3.2 Nordic-Baltic China Cooperation Development

NBCCD (Nordic-Baltic China Cooperation Development) is a People’s Republic of China public sector, political and business development expertise company based in the city of Ulvila in Finland. In Europe we assist companies, universities and public sector to develop their products, services and causes to become politically obtainable in the P.R. China. We understand Chinese central governments development and modernization projects and work closely with the stake holders of these projects. Made in China 2025 Industry Modernization, Vocational Education Reform, One Belt One Road cooperation development,
EU-China Rural development cooperation, China State Emergency Ministry's occupational safety industry and technology development just to mention few examples (NBCCD official website, 2018)

NBCCD acts as a partner of expertise from the perspective of Chinese government protocols and to provide knowledge of how the Chinese central government and the ministries within work. You can think of it as a bridge between European & Chinese professionals and government ministries.

The responsibilities of the NBCCD are to interpret independently the decisions and plans of the Chinese central government. Keep developing the USF platform and other operating models that will enable efficient and targeted use of European expertise, services and products in China's state modernization and development projects. Also, activate, direct, and advise local public administrations to work with the European public sector without any intermediaries or agents. (Järvinen Jukka, 29 November 2018)

3.3.3 USF platform Illustrated

Below you can see the USF platform illustrated. Next, we’re going to look at the figure step by step and see what it is made of and how the different parts of the platform communicate with each other.

There you can see the different levels of the Chinese government and the arrows in between means that the chain of command will go all the way from the top to all the way down. This would be called the bureaucratic ladder. For a small business to start establishing a route to international markets and therefore growing the customer base and the business financially they must go all the way to the top through the ladder. This is very time consuming and frustrating for a small business owner.

Through the USF platform with the help of NBCCD businesses can bypass the tedious bureaucratic process. Basically, the USF platform guarantees that the business owner from Finland is familiar with the ways of doing business in China. This is because NBCCD will offer their services and teach the small business owner the ropes. NBCCD already has already gained the trust of the Chinese government, meaning that the Chinese Government sees all the business owners recommended by NBCCD as safe and trustworthy.

NBCCD acts as a bridge between the Finnish business owner and the Chinese business. They will provide expert knowledge of how the Chinese central government and the ministries within work. Therefore, easing the workload of both businesses. This means that the
NCBBD communicates straight with the levels of Chinese government and then passes on information for the business owners. This way aiding the possibility of them forming a strategic partnership. NBCCD has recognized the goals for the modernization programs created by the Chinese central government. This is the primary reason why they can give clear instructions for the business owners.

Figure 1. USF platform illustrated
4 Comparing The Models

In the upcoming chapters we will look at the main differences between these existing models and especially why there is a need for a model like USF platform. I’m not arguing that there’s anything inherently wrong about any of the models. The main point is that the different models will fit for certain companies under specific circumstances. In the following subchapters I will explain the differences between the models, so you will understand why there is space and demand for the USF platform.

4.1 USF vs Business Finland

In this chapter I will explain the main differences between USF platform and the model Business Finland is using to help businesses get more international attention. We will look at specifically why Business Finland is not necessarily a good option for a small Finnish business owner. I’m not saying that their model is inherently bad. I’m just acknowledging the fact that there is a real need and demand for another type of model.

There is a couple of things to consider. The market in China for example. Business Finland mainly focuses on already big and already developed financial centres in China. Such as Beijing, Shanghai and Guangzhou. Among these areas there are already a lot of competition and it might be hard or almost impossible to break into these markets as a small business owner from Finland. In our case, Pitkäjärvi recreation area CEO Mika Lavonius. It might be that the already advanced and modernized companies in these areas don’t see the value of expertise Mika Lavonius has, as worth it.

Another thing is the financial cost of the whole process. Obviously buying the service from Business Finland won’t come cheap. Making the plan and hiring the consultant’s services might already be too much for the small business owner. As mentioned before the trade mission where a business owner pays Business Finland consultant 1000€ excluding VAT. This is also not including the flight costs, accommodation or food related expenses. (Business Finland website, 2018) This is however just one short mission for a few days and it doesn’t guarantee a partnership of any kind. Continuous monetary investment is required for pursue business ambitions further.

There is also a long bureaucratic ladder to climb up and many local government organizations to go through before any projects can launch. This can be very time consuming and frustrating for the Finnish business owner. Because Business Finland is directed by the
Finnish Ministry of Employment and the Economy, so it must first abide by the bureaucracies set by the Finnish government and then later understand and navigate the Chinese bureaucracy jungle as well.

So, what does USF platform do differently? USF platform is directed privately by Prizztech Oy, so no government bureaucracy to navigate through. Also, no monetary investment is needed from the companies to get started. This is possible because the USF platform works in partnership with the modernization programs set by the Chinese government for the city of Ningbo. The Chinese government will pay Mika Lavonius for his expertise if his business has gone through the political acquisition eligibility process. This payment is in a form of flight tickets and accommodation. Like mentioned previously the aim is to provide long term strategic partnership with minimal cost. The Finnish small business owner can communicate with USF platform to find potential business partners with assistance of NBCCD. This is because the NBCCD has already established political acquisition eligibility within the Chinese government and therefore the officials in Ningbo can listen the clients of NBCCD.

The NBCCD has in-depth understanding of the modernization projects, that the Chinese government has initiated. The government will provide a city like Ningbo, a set of goals that they need to achieve. Then our small business owner in Finland and the business in China will collaborate and work towards these set goals. This is mutually beneficially because the Chinese company will get expertise on how to reach the goals set by their government and therefore being eligible for financial support from the central government. The Finnish small business owner will gain the necessary tools and comprehension of the political acquisition eligibility process to form a strategic relationship with the Chinese government officials and business owners. Essentially this will open a gateway to Chinese markets and eventually bring lot of potential Chinese customers to one’s business.

Basically, through the USF platform we will focus on creating strategic business partnerships with companies in China where the modernization hasn’t yet taken off. Meaning that a company manager over there, who runs a recreation site like Pitkäjärvi will need and appreciate the expertise of Mika Lavonius. This is because he already has a decade of experience running a similar type of establishment and therefore has a lot of expertise to share.
4.2 USF vs Sister City model

In this chapter we are going to compare the USF platform to another common model used for strategic partnerships between cities, called Sister city model. In a previous segment in this thesis I explained what Sister city model essentially is and now in this segment we are going to focus on the differences between the two models.

The sister city model is mostly suitable for bigger cities, like we talked about previously about the agreement between Helsinki and Beijing. This is because bigger cities tend to have the headquarters of big companies and the cultural centres and universities. These are all great basis on what the sister city agreements could be built upon. Like cultural exchange and the educational aspect. Naturally bigger cities have more people and more variety of them from different backgrounds and ethnicities. It makes the cultural exchange part much more exciting. These are all the things that a small town in western Finland does not have. Kokemäki only has a population of about 7500 people. (Town Kokemäki official website. 2018) It's very hard for a town of this size to get a sister city agreement with a developing metropolis like Ningbo.

USF platform however can be used for purposes on a much smaller scale. In our thesis the vitalization of the pilot city Ningbo. Rather than focusing on collaborating with big existing events or partnering up with large companies or universities with USF platform we can focus on smaller scale businesses under the modernization programs. It communicates with the Chinese government trough NBCCD and wants to establish partnerships by using the pre-existing modernization programs set by the Chinese government. They aim to bring the expertise of business owners for these modernization projects.

USF platform aims for a financially beneficial partnership on a long term. Where eventually the two companies would end up working together and attract customers from their respective customer bases. In Sister City model is large in scale and the purpose is usually mainly cultural. The financial goal is not seen as an objective that is necessary to pursue for.
5 Creating Strategic Partnership

Pitkäjärvi in Satakunta region wants to benefit from rising business, financial and travel activities of Chinese people in Finland. People in the rural parts of Finland are saying: “Let’s start to serve Chinese travellers” But nobody has a plan on how to do so. The problem is that the Chinese people usually fly to Helsinki. Spend there a couple of days and then fly up to Lapland. We need to figure out something to attract the Chinese travellers towards Finnish countryside.

We will form the partnership through Pitkäjärvi recreation area and activities we can provide within the area and in the clean and beautiful Finnish nature. CEO Mika Lavonius has years of experience of running Pitkäjärvi recreation area. Using the USF platform, we will create a more detailed strategic business partner plan for Pitkäjärvi recreation area.

5.1 Chinese Interest

Mutual trust and respect are necessary between Mika Lavonius the CEO of Pitkäjärvi recreation area and an interested Chinese public sector and Chinese company. Lavonius needs to be open, transparent and ready to share his expertise for the partnership to fully function. This is the concept of political acquisition eligibility that we discussed earlier in the thesis. Also, the concept of Pitkis-sport camp has proved to work. It has been arranged successfully for decades. From the Chinese point of view Satakunta and Finland are politically safe, and the Finnish nature and fresh air are important selling points. Sports camp is especially a great idea because playing sports is a great way of communication for Chinese people. Largely, because it removes social classes and this way everybody has a chance to compete equally regardless of their status in Chinese society. Overall these are all great selling points to arise Chinese interest.

5.2 Pitkäjärvi Recreation Area

Pitkäjärvi recreation area is in the town of Kokemäki in Satakunta region of Western Finland. It is surrounded by beautiful nature, with its lush forests and clean lakes. It has the perfect infrastructure to hold sporting events, summer camps and other similar activities. Pitkis-sport camp is held there every year. They have decades of experience in arranging this camp for Finnish youth. This year in 2018 it will be the 55th Pitkis-sport camp held.

(Pitkäjärvi website, 2018)
This is a great selling point for the Chinese company as they have a reputation of being a fun, effective and safe sports camp where Finnish families have sent their children for decades already. Pitkäjärvi recreation area, led by Mika Lavonius could bring the Finnish expertise of travel industry and event management over to the Chinese travel sector. Aim is to develop similar recreation area for the Chinese near the city of Ningbo. Thus, vitalizing the area and creating jobs and business opportunities.

5.3 Process Detailed

Next, we will get to the actual more detailed process on how all of this could become reality. I have divided the plan over the next three years and explain what needs to be achieved during this time frame.

5.3.1 Year 1

CEO Mika Lavonius needs to get in contact with the government officials of Made in China 2025 pilot city Ningbo and find a potential business partner under the Chinese modernization program to provide expertise for. The aim is to find a similar business and area that Pitkäjärvi is, but just around Ningbo. He can achieve this with the help of NBCCD which a partner company of the USF platform. NBCCD has formed a trustworthy partnership with the government over the years so the government officials in SAFEA trust the NBCCD to provide them with quality foreign expertise. After he has been accepted, The Chinese government officials will invite him to Ningbo and pay for the related expenses. By working together in Ningbo, Pitkäjärvi recreation area and the chosen Chinese company will gain mutual trust and respect, which is a foundation for a possible long-term partnership.

Next step is to invite a Chinese delegation from Ningbo to visit Pitkäjärvi recreation area. This would be done in July when they hold the annual Pitkäjärvi sports camp which draws thousands of participants from all over Finland. During this visit Mika Lavonius will introduce the area, activities, infrastructure and facilities to the Chinese delegation. Idea is to convince them that it would be great to have a similar kind of sports camp around Ningbo and Mika Lavonius would provide the expertise needed to create and develop it.

5.3.2 Year 2

Now that the government officials have accepted the project they will pay Mika Lavonius for his expertise in developing the project. This is also great for the business owner in Ningbo because now that the project is accepted under the modernization program, the
government will provide financial aid for the company. Basically, Mika Lavonius will copy the concept of Pitkäjärvi sports camp and insert it in Ningbo, China. Exactly the process where Mika Lavonius can use his accumulated expertise from years of running Pitkäjärvi recreation area. The sports camp in Ningbo will be held during Chinese kids’ autumn vacation from school. Lavonius will help organizing the camp, creating schedules, solving logistical issues and more. Everything to ensure that the camp operations run smoothly. Because of the partnership with Lavonius the Chinese business partner can market the camp as “Scandinavian” which is an assurance of quality for the Chinese people.

The success of this camp will make Mika Lavonius a respected figure so that he and the business owner in Ningbo can continue developing a long-term partnership. He will also gain trustworthiness and respect within the Chinese government officials.

5.3.3 Year 3

Now because of this strong strategic partnership Mika Lavonius is now able to provide services for the Chinese people in Pitkäjärvi recreation area. He can pitch an idea of having a sports camp marketed towards Chinese customers in Pitkäjärvi recreation area. In the beautiful and fresh nature of Finland. Surrounded by lakes and forest. Truly a unique experience for most of the Chinese kids. This would be immensely beneficial financially for Mika Lavonius and the Satakunta region. Lavonius could rent the infrastructure and facilities of Pitkäjärvi recreation area for the Chinese and provide the needed staff for the event which would then employ local people in Kokemäki. This way Lavonius gets revenue and tourism increases overtime in Satakunta region.
6 Qualitative Research

I have conducted qualitative research for this thesis using the in-depth interviews methods. I believe this is the most useful way to reinforce the work I’ve done for this thesis. Within depth interviews I could get more valuable information from industry professionals regarding the whole concept. According to B2B International in-depth interview can be defined as follows: “An in-depth interview is a loosely structured interview. It allows freedom for both the interviewer and the interviewee to explore additional points and change direction, if necessary.” (B2B International, 2018). I felt like this method would be most suitable for my thesis instead of producing a questionnaire for example. Because I felt it’s hard to form absolute questions before the interviews and stick to them, mainly because the whole topic of the thesis has been a learning process for me personally as well. The most beneficial way for my thesis was to just talk with these people and listen, then ask questions when I felt like I needed more clarification on specific things.

For each of my interviewee (A, B & C) I chose a broad question related to the topic that this specific individual is a professional on. This kind of approach allowed them to explain their field of expertise in their own words and then I could use the information to support the research of this thesis. The more detailed explanation is that Interviewee A is an expert in business development, so my question to him was about the creation of the USF platform and who has already implemented it for their benefit. Interviewee B works with the Chinese government officials who oversee the modernization programs. From him I asked what the steps are a company needs to take to form a strategic business partnership through USF platform. Lastly, Interviewee C is an expert in social and business relations between the Chinese and Finnish people. I asked him what is needed from both sides to create a fully functioning and trustworthy partnership where there is clear mutual understanding from the business and friendship perspectives.

All these interviews were conducted by voice calls and emails over couple of days. Exception being interviewee A, because I was able to sit down face to face with him due to our physical locations being close enough for setting up a meeting. These interviews and discussions where highly important because I got vital information from them to support the work I’ve done for my thesis. Ideal situation would’ve been to sit down face to face with every interviewee, but unfortunately it wasn’t possible as most of the time we were all on different sides of the globe. However, regarding the circumstances, all the interviews were successful.
6.1 Conducted Interviews

I chose to interview three people who each are professionals in their respective field. All my interviewees have been part of creating the USF platform or are currently developing it further. Interviewee A has over 25 years of experience in project management and currently works as a business development coordinator. Interviewee B is a co-founder of an essential company that works actively with the Chinese government and the public sector. Interviewee C has over 15 years of experience in building and developing the relations between China and European countries.

The information received from the interviews has to do with essential processes while utilizing the USF platform. We are going to hear why the USF platform was created in the first place and the more detailed process of how a company can obtain strategic partnership in the Chinese market by using the USF platform. We will also hear from a Chinese relations expert about what aspects are important if you want to successfully do business with the Chinese.

6.2 Results

The very first result from the interviews that I want to bring up is the utter importance of face and trustworthiness in Chinese business world. Basically, without establishing this first. You cannot do anything. This highlights the fact that how important gaining face is in the Chinese business dealings. In the chapter The USF platform I talk about how the Roboast program from Ulvila managed to bring expertise into China’s automation and manufacturing businesses. This would not have been possible without first establishing mutual understanding between both sides with the help of NBCCD. In the interview Interviewee C discusses the different approaches when it comes to business between the Chinese and the Western world. I think he sums it up perfectly:

“To put it simply, here is what I think is the different between Chinese and Europeans. For Chinese, if we are well known or friends to each other then we can start to work on many things. For Europeans, if we can work together very well, then we could also become friends.” (Interviewee C, 29 November 2018).

Interviewee C also mentions the old and new way of communicating with the Chinese. Describing exactly how the new was is better:
“we are doing the work pushed from up to down (from central government to local government about the strategy and guiding) and down to up (from local activities to say what they really need) both directions in the same time. That means, everybody of both sides understand well what we are doing and how to do it better for each other. Now we build new communication to each other in different levels” (Interviewee C, 29 November 2018).

This result supports my findings in the chapter USF platform illustrated. There you can see in the figure that communication happens from the bottom level of government to the very top and vice versa. Interviewee C has reinforced my insights about the process of getting into business with the Chinese. His statements also support the views of the NBCCD who is in direct contact with the many levels of government.

Secondly, there is the reasoning behind the creation of something like USF platform. Interviewee A has over 20 years of experience as a project manager and business development coordinator. The result of this creation is that we can boost local economies in Ulvila and Ningbo while creating strategic partnerships. For example, when Ningbo established their research and development company in Ulvila called Ningbo Haishu Oy or when RoboCoast program sent Finnish experts to help with the automation in factories around Ningbo. I think this all means that there are room for something like USF platform and more good things can be and have already achieved through the platform. International strategic partnerships are important in the globalized world and especially doing business with one of the most powerful countries in the world will benefit Finnish expertise in the long run. In this thesis I have detailed the ways how Mika Lavonius the CEO of Pitkäjärvi recreation area can use the platform to great a strategic partnership with a Chinese company and these interviews from the industry professionals support the work I’ve done. Interviewee A explains this as follows:

“The main idea was to boost industries and increase the effectiveness of productivity in Finland and China. In practice this means modernizing productivity of the Chinese companies with the help of Finnish expertise, pushing for joint development of businesses, organising collaborative R&D environments and encourage new business placement in region of Satakunta or the city of Ningbo.” (Interviewee A, 28 November 2018).

Thirdly, interviewee B was providing me the details on his point of view how a company can benefit from a strategic partnership using the USF-platform. This was vital information because we want Mika Lavonius to form one using specifically this method which is called
expertise exchange. Result is that in the many chapters before in the theoretical framework I have found out that the platform wants to get businesses involved. Now we have more concrete information of what the benefits for a business owner like Mika Lavonius would be. Here's how Mika Lavonius and the Pitkäjärvi recreation area would benefit:

“1. They learn with real work in China, that they receive payment for. 2. They create a reference for their work locally in China. 3. While the expert works in a company he can simultaneously meet new clients and prepare the company documentation. 4. After a successful expertise exchange period and if the client is satisfied the Finnish company may establish business in the target city and the local government can give financial support annually from 100 000 RMB to 1 Million RMB. (12 000 to 130 000 euros)” (Interviewee B, 28 November 2018).

All these interviews were conducted to help reinforce the findings in the framework of this thesis. I believe that by talking with these professionals and going more in depth about the topic we now have a clearer understanding of how the process works. I think it’s very important to get a perspective on these things straight from the professionals who have been part of creating the platform and nowadays continue developing it and see the achievements and results of it in real time. The interviews succeeded in what they set out to do.
7 Conclusion & Discussions

USF platform is a relatively new platform and before this thesis no-one had written anything about this. Fortunately, I had access to the industry professionals working and developing the platform. When conducting this research, it became clear that the USF platform truly is a new and innovative way to approach the Chinese market. It has created a way for businesses to enter said market, which don’t have the big investment capital to sink into the process. It allows mutually beneficial long-term international business partnerships to form and, in the process, vitalizing the areas to create jobs and stimulate economic growth. It has also become clear that the knowledge of how the Chinese do business is extreme important for creating financially beneficial business partnerships. Transparent working and respect are the foundation for a successful business venture.

The Importance of knowing how to navigate the ladder of bureaucracy within the Chinese government is essential. NBCCD: s part is very important because they can communicate directly with the specific levels of government because they have established political acquisition eligibility. This is a big part of what makes the USF-platform function as it does. While working for this thesis I have gained a lot of new knowledge of the relations between Finland and China. The research conducted in this thesis supports the fact of why the USF platform is necessary and why the work these people have done is so important for smaller scale businesses and individuals with specific expertise to gain international recognition and financial benefit in the process.

7.1 Ideas for future development

There should be more information available on the web about the USF platform and especially how companies that are interested can get started with their internationalization process. On the Prizztech website you could add a direct link, which explains the USF-platform and then there would be a contact form to easily process further. Also, I think they should more visibly promote the achievements that has been accomplished by using the USF platform. Also, announce and explain what projects are currently in the works and what kind of plans they have for the future. For example, they could discuss the platform in Suomi Areena panel during Pori Jazz festival in the summer. This would surely reach a lot of curious business owners around Satakunta and further. It would also increase the curiosity of businesses towards the platform and help them understand the ways of the platform and its effectiveness in doing what it promises to do.
7.2 Self-evaluation

Writing my thesis about the USF platform has been an interesting but challenging experience. Mainly because before I started I had no idea about the whole platform and I had never heard anything about it. So, I really had to start from the level zero and begin to acquire knowledge. Luckily, I had almost direct access for the people who have created the platform and they’ve been working with the concept for many years already. I started the whole process by having meetings with these people and just talking about this concept and taking notes. I found it very difficult to get started because there was so many moving pieces and variables in the concept and I found it hard to keep up. Also, it took a considerable amount of time for me to start understanding the USF platform and why these people are developing and working on this. I had never heard of a similar concept before, so this thesis process really required my full attention and learning capacity.

During the writing process I got to know many interesting intellectual professionals from whom I learned a lot. I would say the biggest challenge in writing this thesis was the fact that how I will be able to explain this concept so that anybody who reads the thesis will understand and get the idea what this is all about. It was a matter of arranging the different chapters in an easy to read order and while writing the content I would also give practical examples and figures to help people to visualize the concept. Overall, I think the work we’ve done here important and educational. The people I’ve worked with are satisfied with the results and so am I. It is good to start pursuing future challenges from here.
8 References


Ruiyan, C. 29 November 2018. CFO, Co-Founder. NBCCD Oy. Discussion.

9 Appendices

These are the originals interview transcripts that I concluded with the participants. They are attached in this thesis to be used as sources of reference.

9.1 Appendix 1. Interview transcripts

Interviewee A is a business development coordinator for Prizztech Oy based in Pori, Finland. He has over 25 years of experience in project management.

Could you tell us what was the reason behind creating the USF platform and explain the process? Also, could you give us an example of what has already been achieved using the platform?

The main idea was to boost industries and increase the effectiveness of productivity in Finland and China. In practice this means modernizing productivity of the Chinese companies with the help of Finnish expertise, pushing for joint development of businesses, organizing collaborative R&D environments and encourage new business placement in the region of Satakunta or the city of Ningbo.

Collaboration began in December 2016. We needed to find a development partner for the city of Ningbo, which was the first pilot city the Central government of China picked for the Made in China 2025 modernization program. The city of Ulvila in Satakunta, Finland was chosen and because of this strategic partnership China invested in Finnish development expertise through Ningbo Haishu Oy. The company that the Chinese established in Ulvila and is 100% publicly owned by the city of Ningbo.

In Finland there’s quite a few entities that for years, have been building and developing partnerships towards China. Including Prizztech Oy, The City of Ulvila, The Regional Council of Satakunta, and HAMK Häme University of Applied Sciences. As a result, The USF platform was created which clarifies the rules of collaboration between the public sector participants of Finland and China. USF derives from Ulvila, Satakunta, Finland and the collaboration with Ningbo Haishu has been named as HNC-USF. A company called NBCCD (Nordic-Baltic China Cooperation Development Oy) was founded by Jukka Järvinen from Kokemäki, Finland. They are responsible for protocol as well as for proper ways of operations of the USF platform and are in close co-operation with the Chinese public sector and government officials.
The USF platform and the resulted collaboration between the cities of Ulvila and Ningbo have established a way for an expertise organization called Robocoast to get into the Chinese market. Robocoast is based in Satakunta, Finland. The goal of Robocoast for this specific project is to provide expertise in robotics and automation to production companies in Ningbo to modernize them. This year Robocoast announced an open competition for businesses to present their ideas on how to achieve this. Four different proposals made by Finnish companies were introduced in China at the end of September this year. The chosen company representatives travelled to China with representatives of Robocoast and presented their ideas to the Chinese business leaders. Next, they will make a choice of which one they partner with and start negotiations for further development. The goal is to start 5 different projects during the current Chinese calendar year.

**Interviewee B** is the co-founder of NBCCD. He has years of experience working with the Chinese government and the public sector in general.

**What is the fastest way for a company to get into the Chinese markets using the USF platform if they don’t have millions of euros to invest strategically?**

The best way to establish business operations in China through USF platform is the following:

1. Via Expertise exchange.

A company can send one expert to work in companies in China that USF platform has first analysed. This means that the target co in Ningbo has challenges they want to solve. One option to solve the challenge is to recruit a foreign expert. This is very lucrative option for the Chinese company as the Ministry of Science and Technology, through SAFEA, gives financial support for the companies if they hire an expert.

The terms of employment can be negotiated quite freely with the Chinese target company. E.g. 4 days a week 3 weeks in China 2 weeks in Finland rotation Meanwhile the expert is working in the target company in China he is representing the Finland host company in China and may start contacting other possible clients in the city. Clients that USF platform can find.

Benefits for the Finnish company during the expertise exchange.

1. They learn with real work that they receive payment for.
2. They create a reference for their work locally in China.
3. While the expert works in a company he can simultaneously meet new clients and prepare the company documentation.
4. After a successful expertise exchange period and if the client is satisfied the Finnish company may establish business in the target city and the local government can give financial support annually from 100 000 RMB to 1 Million RMB. (12 000 to 130 000 euros)

2. Via Technology trade

USF platform has identified a modernization need that can be solved with existing technological solution. If this solution is modernizing the company then local Chinese government can support financially the purchase. However, this solution must be quite universal and there must be a big potential demand for the technology in the market. Well to simplify the company sells one machine or equipment and its impact on the modernization of the company is evaluated by the ministry of Science and Technology and local officials from different departments. If the impact is significant the Finnish company may receive similar financial support as mentioned in the expertise exchange option and with this money they company may start operations in the Chinese city and USF platform can keep finding new clients for the company.

3. For the companies whose expertise in the market in China is not yet existing but needs to be created. This process requires a deep political acquisition eligibility process and during this process the government must convinced of its theoretical modernization value so that they will start financing its development and help to promote it to the market. USF platform can create these types of provocative projects under its umbrella and the Finnish companies can act as experts in the projects.

So how fast is the process? If the company has first done political acquisition eligibility process carefully then it means that Chinese government wants to have the company in China, and therefore the business establishment process is months NOT years.

**Interviewee C** is a co-founder of NBCCD and has over 15 years of experience building and working with the European and Chinese relations.

**You have experience of building cooperation with Europeans about 15 years, first with China European Friendship association and now for the past three years you've been building this new way of cooperation. How do you see the differences**
between the past and this new era? Could you describe shortly about the old way and why you believe that this new way of cooperation is better?

The old way is not effective because, only the high-level officials got nice meetings but afterwards nobody carried them out. No one knew how to operate on either side. The official level doesn’t understand well the culture, working habits, the rules etc. of each other. They couldn’t find a middle ground which both sides accepted. Also, there is no special person doing communication for both sides. All the officials were too shy to come directly to the point.

Now we have the new way in which, we are doing the work pushed from up to down (from central government to local government about the strategy and guiding) and down to up (from local activities to say what they really need) both directions in the same time. That means, everybody of both sides understand well what we are doing and how to do it better for each other. Now we build new communication to each other in different levels. Everyone can know what’s the exact opinion of another side. Such smooth communication helps a lot to cooperate. Through it we all could try to find a solution together when we got a problem with the business. Before, the set rules of each side limited the success rate of the negotiations because Chinese and European systems are totally different. Because of this the negotiations would just be terminated. However, through the new way we can bring companies from both sides together to form and create business and cooperation. It helps both sides to have a Win-Win situation.

How you see the cultural things and understanding of Chinese way of decision-making process. First to get to know people then comes the rest. Do you see any movement of that culture towards European style, straight to the point?

In Chinese culture, they always would like know people first.

1. Because they must know who you are and what are you doing, after this it’s easy for the Chinese person to start talking about work. Even if there is no any possibility to cooperate right now but later when something comes up, they will remind you and contact you.

2. For Chinese, interpersonal relationship is the most important part and it always comes first. After this, it will be easy to start talking about business. If one Chinese person considers you as a well-known person or a friend, then also everyone else will be more open to start talking. The Chinese people are always shy to talk about new things with people who they have just met.
The young generation (some under 40 years old) they are better at talking straight, but majority is still not. To put it simply, here is what I think is the different between Chinese and Europeans. For Chinese, if we are well known or friends to each other then we can start to work on many things. For Europeans, if we can work together very well, then we could also become friends.