



WORKSHOP SUMMARY REPORT OF TURKEY November 18th, 2009

Prepared by:

Ebru DINCER
Umit EVREN
Seden BAHAR

**This project has been funded with support from the European Commission.
This publication reflects the views only of the authors, and the Commission cannot
be held responsible for any use, which may be made of the information contained
therein.**

TABLE OF CONTENTS

1. Introduction: Aim and Main Topics of the Workshop.....	5
2. Description of the workshop participant organisations	6
3. Workshop Summary	12
4. Conclusions	20

1. Introduction: Aim and Main Topics of the Workshop

In the first workpackage of the SME-TraiNet Project, a research was conducted in order to identify the focus sectors and the best project examples supporting young enterprises. According to the research findings, service and food industry are the sectors that have the highest number of micro enterprises among rising sectors in Turkey. For this reason, restaurants and boutique hotels are chosen from the service sector and fruit and vegetable processors and organic food companies are chosen from the food sector. This workshop was organised in order to further discuss the potential support services for young enterprises.

The workshop was carried out on November 18th, 2009 in Aegean Region Chamber of Industry Conference Room, Izmir.

The aim of this workshop was to discuss the problems of the young SMEs in the food and service sector and to discuss the remedies with the participants, as well as the best project examples/best practices. The participants consisted of the representatives of the institutions who held successful projects, who are representatives of the businessman and SME organisations, and entrepreneurs from the sector.

The programme was scheduled as below:

Workshop agenda

13:30-14:00	Registration and Coffee
14:00-14:15	Presentation of SMETraiNet Project <i>Umit Evren, Programme Manager, Izmir ABIGEM</i>
14:15-14:45	Presentation of the Research Report <i>Ebru Dincer, Programme Manager, Izmir ABIGEM</i>
14:45-15:00	Coffee Break
15:00-16:00	Round Table Discussion Session 1
16:00-16:15	Coffee Break
16:15-17:15	Round Table Discussion Session 2
17:15-17:30	Wrap Up Session

2. Description of the workshop participant organisations

There were 15 participants in the workshop. All participants were personally invited to the workshop and selected from different type of organisations, SME support organisations, SME and businessman associations, chambers, universities and entrepreneurs. The following list represents the organisations whose representatives/experts attended.

Izmir ABIGEM

EU Turkey Business Centre, İzmir (İzmir Abigem) has been established in 2002 as a joint project of European Union and TOBB, The Union of Chambers and Commodity Exchanges of Turkey. EU Turkey Business Centres project has been the largest project that was financed by EU for the benefit of the SMEs in Turkey with a budget of 16 million Euros.

The main goal of İzmir Abigem has been to support the competition power of SMEs and regional economical development by offering professional business advice and training services to SMEs and Entrepreneurs.

The activities are being carried out in the form of a Private Company with full sustainability upon the completion of the project and the funding of the European Union in March 2006. The main shareholders of the company are TOBB (The Union of Chambers and Commodity Exchanges of Turkey), EBSO (Aegean Region Chamber of Industry) and the chambers and business associations supporting SMEs in the region.

The main areas that activities are being carried out include Business Development, Export Development, Export Consortia and Internationalisation, Marketing Management, Design Management, Finance Management, Training, EU and National Funds for SME Development, Project Cycle Management, Entrepreneurship and Cluster Development.

Ege KOBIDER (Association of Aegean SMEs) www.egekobider.org.tr

EGEKOBIDER was founded in May 2003 to revive the SMEs tradition which Turkey have traditionally but recently placed in our agenda by 13 SME organizations. EGEKOBIDER, association which began to show intensive activity in the areas of education, working life and culture –basic requirements of life- for a modern and developed Turkey, and set an example to a large number of institutions and civil society organizations. Working hard to implement supply provided and well organized projects in the areas where SMEs operate.

Services: Cooperation to establish Synergy Focus between EGEKOBIDER and KOSGEB and EGEKOBIDER is made and EGEKOBIDER began to work on.

Through the Synergy Focus Type 1 which was established to transport services and supports to target group more rapid and effective, services and supports to SMEs are ensured to be widespread, effective and presented in coordination.

Currently, the association has 171 members from various sectors.

Aegean Region Chamber of Industry <http://www.ebso.org.tr/>

The first Congress of Economics was organised in Izmir in 1922 shortly before the foundation of the republic. Just a few years later, the “Izmir Union of Industry” was established upon the request of the industrialists of Izmir in 1927. This professional organisation was the first one of its kind in Turkey. The Union was converted to the Izmir Chamber of Industry in 1951. In 1954, it attained the title of “Aegean Region Chamber of Industry” (EBSO) covering the provinces of Aydin, Mugla, Manisa, Denizli and Balikesir upon the special permission of the Ministry. At the moment, our Chamber maintains its activities in the provinces of Izmir, Aydin, Mugla and Manisa, excluding the central town and the town of Saruhanli.

Having 6532 members, EBSO is the only regional chamber in Turkey. Among our members, the percentage of incorporated and limited companies is 86% and that of the companies limited by shares, unlimited companies and ordinary companies is 14 percent.

With an ever increasing number of members, the chamber leads the development activities in industry, strengthens the dialogue between the government and the industrialists, offers any useful ideas and suggestions to assist the applied economic policies to the public and the authorities.

The chamber established the Industrial Information Centre in 1994 so that it might provide its members with modern and rapid services to the members of our chamber and to those who are interested through the computer network.

With an ever increasing number of members, our chamber leads the development activities in industry, strengthens the dialogue between the government and the industrialists, offers any useful ideas and suggestions to assist the applied economic policies to the public and the authorities.

The chamber established the Industrial Information Centre in 1994 so that it might provide its members with modern and rapid services to the members of our chamber and to those who are interested through the computer network.

Aegean Region SME Platform

Aegean SMEs Platform was established in 2008 to carry out active and dynamic works for SMEs.

Due to the absence of competitiveness of SMEs, unsuccessful supports, lack of ability for joint action of organisations that serve SMEs, and lack of awareness about the importance of SMEs in economy, platform was established by EBSO, IESOB, Izmir ABİGEM, KOSGEB, MPM, IZKA, ITB, IGEME, Ege KOBİDER, IZSIAD, ESIAD, ESSIAD, IGID, MUSIAD, EGEV, IZTO, KALDER, TOSYOV, ISKUR, Press and DTO (stakeholders consisting of institutions, organisations and civil society institutions which have direct interest with the SMEs) and roadmap was created, strategical priorities and preferences was determined.

Establishment of SMEs Panel was the highest rated activity as a result of this study. In the first place, 4 SME Panels were established. The aim of the SME Panel is to ensure SMEs and craftsman-artist's access to correct information as soon as possible and protect them from the negative affects of disinformation.

Izmir Association of Chambers of Tradesman and Artisans (İESOB)	Agean Region Industrial Chamber (EBSO)	Application and Research Center for Science and Technology (EBİLTEM)	Chamber of Sea Trade (DTO)
<ul style="list-style-type: none"> • Legislation and Regulations • Vocational Training • Business Opening and Operating Licences • Capacity Reports • Sectoral Reports • Issues Related to Food Shops • Transportation 	<ul style="list-style-type: none"> • Legislation and Regulations • Foreign Trade • Fairs and Marketing Techniques • Human Resources • Sectoral Reports • Education 	<ul style="list-style-type: none"> • Incentives, Supports, Credits and Financial Information • Terms of EU Legislation, Certification • EU Framework Programs, Grant Projects • Human Resources • Education • R&D and Innovation 	<ul style="list-style-type: none"> • Vocational Training • Internship Opportunities • Sektörel Raporlar

Aegean University, Faculty of Food Engineering food.ege.edu.tr

Food Tech Academy began training with 40 students in 1975-1976. Became a faculty in 1977.

Ege University Food Engineering Department aims to train engineers who have professional responsibility, are sensitive to the problems of humanity, can contribute to scientific, economical and technological developments of present times.

Besides the monitoring the developing food science and food processing techniques and interpreted and regulation of these information, production and dissemination of

information which will help to development of unique methods are the duties of Food Engineering Department.

One of the main objectives of food engineering is to grow with the engineering notion parallel to the agricultural production in our country about food science and technology, technical personel needed by the food industry.

National Productivity Centre www.mpm.org.tr

NPC is an autonomous and multilateral institution, who gives technical information and support to committees, institutions and associations that work directly or indirectly in the productivity field by developing techniques to determine and solve productivity problems, who supplies productivity-related data to public, and who plays a cooperative role in policy-making processes by following developments in productivity field. And NPC's vision is to be an institution, who directs social and economic policies and who has an international credit in productivity field.

The main operating fields of the NPC may be enumerated as Research, Consultancy, Training, Publication and public relations.

Izmir Development Agency www.izka.org.tr

Izmir Development Agency has been established by the Cabinet decision published in the Official Gazette no.26220 dated 6th of June 2006 in accordance with the Law on the Establishment, Coordination and Tasks of the Development Agencies no.5449 dated 25th of January 2006.

IZKA's vision is be A forerunner and effective Agency in sustainable local development with an international reputation and vision is to develop and implement participative tools which will mobilise local potentials within an overall approach for Izmir's sustainable development.

KOSGEB www.kosgeb.gov.tr

Established to increase the rate and effectiveness of SMEs for Turkey's social and economic needs, raise the level of competitiveness and perform the proper integration of economic developments in the industry. These supports: Education and counseling, technological development and innovation, quality improvement, informatics, international cooperation, entrepreneurship development and regional development support.

KOSGEB, intended to give more efficient and effective service and support, aims to increase the competitiveness of SMEs and increase the quality of its own supports and services.

Commodity Exchange of Izmir www.itb.org.tr

Due to the dynamic commercial life in Izmir, there were certain places which brought buyers and sellers together and where purchase and sales were done as a result of negotiations; however, those places were far from being taken as today's modern understanding of Mercantile Exchanges. The discussions about establishing a modern Mercantile Exchanges in accordance with the lawful state of Izmir and with certain regulations started in the beginning of 1890s. And Izmir Mercantile Exchange was established in 1891. the duties of Izmir Mercantile Exchange are to regulate and register the purchase and sales of the goods quoted in the exchange, to determine and declare the daily prices of the goods quoted in the exchange, to make necessary proposals, requests and applications to the official authorities about the market's activities; in accordance with all or some members' benefits, to commence a lawsuit, to provide the documents required by the members and to provide the related services etc.

Union of Craftsmen and Artisans Chambers of Izmir

IESOB was established in 1958 to ensure the honesty is still valid one another as the members of profession and between members and public, facilitate their professional activities and ensure the development in accordance with general interests of the profession.

Services:

- IESOB pervades the vocational training
- Does due diligence and propose solutions to artisans about the problems the come across.
- Solve financial problems of Tradesmen and Craftsmen
- Create alternative and appropriate resources.

http://www.iesob.org.tr/component/option,com_frontpage/Itemid,1/

BAPA Food Ltd.Company

BAPA Food has been established in İzmir in 1991. and the company's mission is to be a supplier of choice for fine private retail labels, to provide competitive pricing, without sacrificing quality of product or customer service and to innovate and seek the most efficient production and service methods.

<http://www.bapafood.com/>

İzmir Chamber of Pensions and Motels

İzmir Chamber of Pensions and Motels has been established by Union of Chamber of Artisans and Craftsmen. İzmir Chamber of innkeepers's mission is to meet the professional needs and technical requirements of Union of Chamber of Artisans and Craftsmen, craftsmen and artisans and their employees, to ensure members of the profession's reliability and integrity with each other and with the public and to maintain the professional discipline and ethics.

http://www.izmirotelcilerodasi.com/otelciler_odasi.php

3. Workshop Summary

The workshop was started by the presentation of Ümit Evren, Programme Manager of İzmir ABIGEM who gave an outline of the SME TraiNet project and the reason for the workshop. Following that, the presentation of the research report was made by Ebru Dincer, Programme Manager of İzmir ABIGEM.

After that, the first discussion session started. The first session was moderated by Ümit Evren. It was a brainstorming session where the problems of the young enterprises were listed.

Main problems of the young enterprises

- Most of the young SMEs in food and tourism sectors are not professional
- Lack of information about managerial issues and also in legal issues (legislation)
- Lack of capital, they can't fight against big capital companies
- Small firms must merge, or do cooperation to fight against big capital.
- Difficulty in access to finance
- They don't know where to apply for their questions
- Due to high investment cost, warehousing is a big problem for the food companies.
- They do not produce value-added products (food companies)
- Marketing and sales capability is too little / insufficient.
- They don't have economies of scale.
- Most of them lack market information. They enter the sector, because they had heard that that sector is profitable. They don't make business plans.
- Lack of flow of information, cooperation and sharing of experiences in both tourism and food sectors.
- They give up so easily, they do not investigate how older companies survived.
- They don't have knowledge about their competitors
- Government incentives do not target young enterprises, generally these incentives are given to older SMEs who had built a reputation through the years. But when the SMEs are young, they are usually are not trusted.

After the problems were listed, problems to focus on in this workshop were selected. While selecting it every participant rated the first four problems they wanted to discuss. The four problems which were graded highest were selected which were:

- Lack of information about managerial issues and also in legal issues (legislation)
- Lack of flow of information, cooperation and sharing of experiences
- They don't know which organisations to apply for their questions

- Young enterprises do not plan their first 5 years, they do not have business plans.

In the second discussion session which was moderated by Ebru Dincer, potential remedies for these problems and best project examples which produced concrete solutions were discussed.

The summary of the discussion is mentioned below:

Problem: Lack of information about managerial issues and also in legal issues (legislation)

Suggested Remedy: Establishing an SME information website

Best Project Example: SAFE FOOD INFORMATION WEBSITE by TESK

As a part of the pre-accession process, the laws and regulation about food in Turkey is changing and EU regulations and directives are getting in effect. Within this context, food safety is getting importance, however the crafts in food sector and the service sector related to food are not knowledgeable about these changes that will affect their businesses seriously. Furthermore, they are facing challenges in order to adapt to and implement these directives.

As a remedy to these problems of the crafts, TESK has established a website on safe food. The website gives detailed information on the main issues that crafts in the food sector and in related sectors should know. These topics are;

- Food regulation,
- Work permit and food registration certificate,
- Registration and production,
- Responsible Management
- Food Safety and Control Project being implemented by Ministry of Agriculture. The project prepares guides and manuals including information about good hygiene practices in bakeries, butchers and markets that stores, distributes meats and meat products, in markets and restaurants.
- Safe Food Healthy Life Campaign that has being carried out by Ministry of Agriculture
- Guide for Agriculture Sector and

- Related Vocational Federations that the crafts can consult, register, etc.

The website is established for food sector companies, however this model can be well implemented for the tourism sector.

Problem: They don't know which organisations to apply for their questions

Suggested Remedy: Establishing information desks in the chambers, unions, etc.

Best Examples: Business Support Programme-SME Fit by TESK

Awareness On Job Health and Safety by TESK

Quick Reply System by TESK

Business Support Programme- SME-Fit

The objective of the Business Support Programme III – SME FIT II of UEAPME is to disseminate the *acquis communautaire* to the four beneficial countries Bulgaria, Croatia, Romania and Turkey. The Programme is financed by the DG Enlargement of the European Commission. UEAPME and its 30 partners also aim at strengthening our member SME associations in these four countries.

Within the scope of the project, partners of UEAPME developed training tools on 7 key issues of the *acquis communautaire*.

The seven training tools are:

- ▶ **Product Safety:** This training tool covers EU legislation on health and safety at work and the current situation in Turkey, its consequences for SMEs and provides a TO-DO-list for entrepreneurs.
- ▶ **Standardisation and Certification:** This training tool covers a brief description of the relevant EU laws and the current situation in Turkey on standardisation and certification, the consequences for SMEs and strategies for application.
- ▶ **Quality Management:** This training tool covers the most important ISO standards and the current situation in Turkey on quality management as well as case studies of implementing them. Furthermore it lines out the 8 quality management principles and QMS (Quality Management System).
- ▶ **Health and Safety at Work:** This training tool covers EU legislation on health and safety at work and the current situation in Turkey, its consequences for SMEs and provides a TO-DO-list for entrepreneurs.

- ▶ Environmental Protection: This training tool covers EU Environmental Legislation and the current situation in Turkey as well as the impact it has on enterprises. Furthermore it outlines strategies for adaptation and funding opportunities for SMEs.
- ▶ Energy Policy: This training tool covers the most important aspects of EU energy policy and the current situation in Turkey , its impact on SMEs and provides an example for an energy audit.
- ▶ Food Safety: This training tool covers the most important EU legislation on food safety and the current situation in Turkey and advises SMEs how to comply with it.

Some of the activities of the project are:

- ▶ Writing training tools on key issues of the acquis and translating them into the native languages of the four beneficiary countries
- ▶ National training seminars for their staff members in the four beneficiary countries
- ▶ Information seminars for enterprises providing “hands-on” knowledge on the training tools
- ▶ Guaranteeing institution building activities in order to help member associations to introduce new services to their member

Especially the “young” EU members will share their experiences of accession to the EU while the “old” EU member associations explain how to influence the consultation and decision-making process for SMEs within the EU.

Raising Awareness on Job Health and Safety

This project is designed for the micro enterprises in building trade and metal trade companies. It is included in this report since it was thought that might be an example for food and service sectors.

Activities about occupational health and safety aim to protect employees from employment accidents and occupational illnesses. The large part of these problems happens in small businesses. As business scale is smaller, problems of occupational health and safety increase. According to social security institution statistics, one third of employment accidents happen in micro-companies. The sectors which have employment accidents mostly are building trade and metal trade. And micro-companies in these sectors are a member of TESK. As TESK is necessary to build a system based upon briefings, awareness raisings, trainings, warnings and castigating.

TESK, put the project of “saving awareness of occupational health and safety for merchants and craftsmen’s companies” in practice with EU support. TESK aims to improve available table of occupational health and safety in terms of merchants and craftsmen and provide information utility for them.

The general aims of the project are informing merchant and craftsman’s companies about legal legislation, responsibilities, innovative approach and applications of this occupational group in EU and saving awareness in this field to merchant and craftsman’s companies.

The activities of the project are

- Two working excursions in cooperation with partner organisations.
- Hold an international conference which approached issue of occupational health and safety from merchant and craftsman’s companies’ aspect.
- Prepare an international conference book and disseminate it.
- Develop training materials in sectors of occupational health and safety (hardware, building, woodwork, shoe and leather trade and electricity)
- Training and briefing model building in merchant and craftsman’s companies.
- Create an information and communication network between four projects partner.

Quick Reply System

This project is not specifically to food or service sector, but for all the sectors.

The project is an online system which aims to reply the questions of the crafts and artisans in a short time. The questions are asked by the artisans and crafts via the website and the answers to the questions are published in the same website. The topics included in the website are;

- Accounting
- Job safety
- EU and Foreign Relations
- Vocational Competency Institution
- Social Security

Problem: Young enterprises do not plan their first 5 years, they do not have business plans.

Suggested Remedy: Counselling services can be given to young enterprises on preparing business plans by Development Agency.

Problem: Lack of flow of information, cooperation and sharing of experiences

Suggested Remedy: Organising regular meetings to gather the young and older enterprises where the experiences will be shared and the trends in the sector will be discussed.

Best Examples: Clustering Project by Izmir Atatürk Organised Industrial Zone
Sultanahmet Tourism Cluster

Although the target group of the Izmir Atatürk Organised Industrial Zone project was metal, machinery and casting sector companies, this project was chosen as one of the best examples of clustering since the model can be implemented to the food and tourism sectors as well.

European Commission's Enterprise DG expert group on Enterprise Clusters and Networks (2004) describes clusters as groups of independent companies and associated institutions that are;

- collaborating and competing,
- geographically concentrated in one or several regions, even though the cluster may have global extensions,
- specialised in a particular field,
- linked by common technologies and skills,
- either science-based or traditional,
- Clusters can be either institutionalised (they have a proper cluster manager) or non-institutionalised.

Clusters are one of the best ways of increasing the competitiveness of the SMEs. Clustering will give the young SMEs the chance to collaborate with the older and bigger enterprises. By common activities of the cluster, they will learn from the experiences of the bigger and older companies, and benefit from the same advantages. Every cluster has its own activities, there are not standard common activities, but what is same for old the clusters is that they increase the competitiveness of the sector companies as a whole.

For example, in Izmir Atatürk Organised Industrial Zone (IAOIZ) some common activities are designed as common procurement. They had negotiations with 1-2 basic items such as fuel, raw material etc. By this, young and small enterprises will get the same price as the larger and older enterprises. IAOIZ representative said that they will expand the common activities by time. The clustering project had below mentioned phases:

1. Field Study
2. Identifying the working groups
3. Workshops
4. Roadmap

The project started with field study. 150 companies in the cluster were interviewed and a detailed profile of the companies, their suppliers and all the institutions (universities, government bodies, associations, municipalities and other organisations) they are/or supposed to be in relation with, were identified. After the cluster actors were identified by the field study findings, the cluster map was drawn.

In the second phase, working group members were identified. These working group members were attended the workshop organised and discussed about what activities can be taken to make the cluster sustainable. Three workshops were held.

After the workshops, the cluster roadmap was drawn. The cluster now is working on the activities that are stated in the roadmap.

Another clustering best example is the Sultanahmet Tourism Cluster. The micro enterprises in the tourism sector in Sultanahmet, İstanbul had been complaining about the decreasing income they had got out of their businesses. As a solution they had come together, joined their forces and formed a cluster. They had regular meetings in which they discussed what actions can be taken in order to increase the customer satisfaction. They found out that they had to change their image, their premises' physical appearance in addition to the physical appearance of the surrounding. They had meetings with the municipality and requested a positive change in the streets starting from the street lights. They got what they requested as a cluster, but they could not make it if they acted individually. They also set standards for their premises physical appearance such as putting the same tablecloths, and same type of flowers on the table etc. In addition, they run an advertisement campaign in order to change

their image in tourists' eyes. They had a remarkable success. These can be achieved by joining forces in a cluster.

4. Conclusions

In the wrap up session, the pros and cons of the projects were discussed and based on this discussion, the most favourable best practice was chosen. It was concluded that although all the project examples could and should be implemented for the young enterprises in the food and tourism sector, **Quick Reply System** and **Clustering** projects would be most innovative and most effective approaches.

5. Workshop Evaluation Summary

Question 1-2: I was informed clearly about the aim/scope of the workshop before the workshop ; The workshop met my expectations.

13 out of 15 participants stated that they were informed clearly about the objective of the workshop and that the workshop met their expectations.

Question 3: In my opinion, the best topic/session was

6 participants said the best session was the brainstorming (first) session whereas the 7 said it was the second one where the remedies to the solution were discussed and the best practices were presented. 2 did not reply to Question 2.

Question 4: I would develop the next workshop by

5 said they would develop the next workshop by organising it Turkey wide. The rest did not give any suggestions.

Question 5: The main points of the workshop which I recall were

Three participants said, it was best practices/project examples, 5 participants said clustering approach, two said Quick Reply System, one said "The SMEs having a problem during the period of first 2-5 years, they need special support".

Question 6: I hope that the following issues would be handled in the future

Discussing the clustering approach implementation to the food sector.

Question 7: The workshop duration was long enough.

All the participants found the workshop duration long enough.

Question 8: I suggest that the next workshop would also be invited the following experts

The participants recommended to have the Izmir Provincial Directorate of Agriculture, TOBB and TESK. Author's note: Although they were invited, they did not participate.

Question 9:Other Comments

None of the participants replied.