



SECOND NATIONAL WORKSHOP REPORT OF TURKEY October 04th, 2010

Prepared by:

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I. Background

The second national workshop was carried out on 04.10.2010 in Izmir by Izmir ABIGEM. 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. Three working groups were formed and each group was assigned a discussion topic.

II. Workshop Agenda

14:00-14:15 Presentation of SMETraiNet Project

Ebru Dincer, Programme Manager, Izmir ABIGEM

14:15-14:45 Presentation of the Findings of Workshop 1

Ebru Dincer, Programme Manager, Izmir ABIGEM

14:45-15:00 Coffee Break

15:00-16:00 Working Group Discussions

16:00-16:15 Coffee Break

16:15-17:00 Wrap-up

III. List of Participants and Working Groups

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.

Two working groups were formed and each group was assigned different topics. The first group discussed the problems;

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

Whereas the second group discussed the problems;

- Young enterprises do not plan their first 5 years, they do not have business plans
- Difficulty in access to finance
- Lack of proper financial tools to fight against the exchange rates

IV. Selected Sectors and Justification for Selecting Those Sectors

The selected sectors are, food industry and service sectors. While choosing the specific sectors, the rising sectors in Turkey were taken into consideration. When examined the number of young and micro enterprises in these sectors and figured out that young enterprises are mostly in food industry and service sectors. The companies from service industry are restaurants and boutique hotels whereas the food sector companies are fruit and vegetable processors and organic food companies.

V. Identified Current And Emerging Needs In The Selected Sectors

Based on the first research report prepared within workpackage 1 of this Project and the first workshop, the main needs of the young enterprises in these food and service sector can be summarised as follows:

- 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
- Lack of proper financial tools to fight against the exchange rates.
- 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 problems which were graded highest were selected which were:

- Lack of information about managerial issues and also in 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
- Difficulty in access to finance
- Lack of proper financial tools to fight against the exchange rates

VI. Solutions (Methods, Approaches, Structures) And Strategies (To Cope With These Emerging Needs At National Level)

For the below mentioned problems,

- Lack of information about managerial issues and also in legislation and
- They don't know which organisations to apply for their questions,

the solution was identified as to establish a website which will provide information about legislation and the list of organisations that the young enterprises can consult for their specific problems. The experts will publish small articles on the website on updated issues. In addition, the enterprises will have the opportunity to ask their questions to the experts. The website was decided to be the most effective and quick way of answering their questions compared to one-stop-shops. The reason for this is that in one-stop-shops, there are only few personnel and this insufficient number of human resource usually result in late responses to the enterprises. Furthermore, the staff is not specialist in every topic, and enterprises cannot reach experts due to high consultancy costs; but by this website the enterprises will ask their questions directly to the experts with small fees.

The second working group worked on the below mentioned problem:

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

It was agreed that the entrepreneurs should have a business plan training to evaluate their business idea before they establish their companies. For this purpose, a draft training programme was prepared. Since, it was agreed that only training would not work, a support package was prepared. According to that package, a training programme will be obligatory for the enterprises who apply for the government funds. After the training, the

entrepreneurs will prepare their business plans and their business ideas will be evaluated by the funding organisation. The entrepreneurs will get funding provided that their business plans pass the evaluation phase. This package will be submitted as a suggestion to the government funding organisations İŞKUR and KOSGEB.

The third working group worked on the below mentioned problems:

- Difficulty in access to finance
- Lack of proper financial tools to fight against the exchange rates

Most of the food companies are SMEs and their main source of revenue is from exporting. Service companies clients are mostly foreigners and tourists. Fluctuations in the exchange rates affect their profitability in negative terms. There is Turkish Derivatives Exchange which provide some financial tools, however it is not common among these companies, they don't have comprehensive knowledge on these instruments. The companies which used these tools complained that the instruments are not effective. Since their amounts in terms of foreign currency is relatively small, they usually cannot meet the minimum contract amount. Besides, they cannot get a rate for the medium and long term contacts. As a solution, the group came up with the idea of developing more effective tools to fight against the exchange rates, therefore lobbying activities will be carried out to the Turkish Derivatives Exchange.

VII. Evaluation Of The Workshop

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

All 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

14 participants said the best session was the discussion session in the working group.

Question 4: I would develop the next workshop by

The respondents did not give any suggestions.

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

12 participants said, the best practices of different countries.

Question 7: The workshop duration was long enough.

13 participants found the workshop duration long enough.

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

No suggestions.

Question 9: Other Comments

None of the participants replied.