

# 2007 World Chambers Competition

## Best Skills Development Programme



*Approved Board Member Training Programme*

**Tampere Chamber of Commerce & Industry**

[www.tampere.chamber.fi](http://www.tampere.chamber.fi)



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## 1. Executive Summary

The HHJ (*Hyväksytty hallituksen jäsen*), i.e. “ABM” (Approved Board Member) concept is invented and developed by Tampere CCI and Hallituspartnerit ry. The inventive aspect of ABM concept is to combine two main issues and activate an unused or less used resource in a company. One main issue is to spread out the knowledge of the board work for people involved. The second issue is to introduce board work advisors and entrepreneurs to each other. And, the final target is to get the board to promote the company.

Several new members have joined to CCIs because of the ABM course. This ABM concept helps not only to get new members but to commit the “old ones” too. This is very important for private law based CCIs, like in Finland. The ABM concept has been able to contribute to companies’ competitiveness, develop their corporate governance and improve their business environment. Conclusion by analogy, ABM has been able to find a new niche in the education and training service of CCIs for their members and coming members.

The ABM concept consists of ABM course, ABM exam, ABM community and ABM pool of board professionals. The main target of this ABM concept is to develop the board work at SME’s. The clue and the leading thought of the course are to describe the needed knowledge at board work in such a short time. The feedback of participants at the ABM course has been excellent and the course has beaten the evaluation high scores of all previous trainings of Tampere and other CCIs in Finland. The courses have been fully booked weeks in advance. A revolutionary phenomenon has been the fact that ABM course participants have been marketing the course on their own initiative. It resulted in “word of mouth marketing”.

ABM concept has raised the image of Tampere CCI and other CCIs in Finland. It has offered to present members of the CCIs something new and especially to a new group of people among the member companies. Financially the ABM course is a success. Tampere CCI succeeded in setting the participation fee at a fair level and the costs were kept low. Therefore the net income per course is about 15,000 Euros, which is an excellent return. Four courses for one CCI make roughly 60,000 Euros per year gross profit.

The ABM course has been distributed to 12 CCIs in Finland in less than two years. The course supply covers now approximately two thirds of all members of CCIs in Finland. The course can be franchised to all CCIs. The content of the course and the exam can be localized, and therefore the ABM concept is for CCIs worldwide useable.



## 2. General Background

The Central Chamber of Commerce of Finland is the central organisation of 19 Chambers of Commerce & Industry (CCIs), which have more than 17,000 members. The membership is voluntary (private law). The member companies and organisations employ approximately 60% of the total work force of Finnish companies.


Tampere CCI has about 1200 members representing industry (34%), B-to-B services (46%) and trade (12%). It offers yearly about 40 education, training and seminar events. Over 1000 person attended yearly these events. The Tampere Region in figures:

- the second largest region in Finland
- one of the three most rapidly growing regions of Finland
- a population of 471,000 (5,2 million inhabitants in Finland)
- an innovative, multidisciplinary and co-operative atmosphere
- a modern concentration of industry, trade, services, research, and education
- two universities and three polytechnics: 40,000 students
- an attractive living environment

## 3. Origin of the Project

The idea of developing the board work of small and medium sizes enterprises (SME's) arose when Doctor (Eng.) Tommi Rasila, Managing Director of Tampere CCI, was working on his doctor thesis "Venture-To-Capital, A New Framework for Growth Venturing and Professional Ownership", at Tampere University of Technology during 2001-2005. At the same time there was public discussion about the corporate governance guidelines for listed companies. Another discussion topic was "how to develop companies and get them to grow in order to get more work places".

The project idea crystallized in spring 2005 during the exchange of thoughts and information between Tampere CCI and Hallituspartnerit ry, a registered association at Tampere whose members are board members of several SME's.

The logo of Hallituspartnerit ry:  **HALLITUSPARTNERIT**

## 4. The Innovative Nature of the Project

The inventive aspect of HHJ (*Hyväksytty hallituksen jäsen*), i.e. "ABM" (Approved Board Member) concept is to combine two main issues and activate an unused or less used resource in a company. One main issue is to spread out the knowledge of the board work for people involved. The second issue is to introduce board work advisors and entrepreneurs to each other. And, the final target is to get the board to promote the company.

Several new members have joined to CCIs because of the ABM course. It has also increased customer loyalty among present members. This ABM concept helps not only to get new members but to commit the “old ones” too. This is very important for private law based CCI, like in Finland. The ABM concept has been able to contribute to companies’ competitiveness, develop their corporate governance and improve their business environment. Conclusion by analogy, ABM has been able to find a new niche in the education and training service of CCI for their members and coming members.

In fact a lot of SME’s are run by the entrepreneur him/herself. The success of the company is based on the skills of the entrepreneur. However an SME faces many different challenges at different stages such as change of owner generation, change of ownership, internationalization, fast growth of the company, market disorders, and other turning points. In these situations the entrepreneur, the owners, and the investors need advisors who are experienced in those changes and business areas in question. The best way to bind these advisors to the company is by appointing them to board members.

However entrepreneurs and companies do not know adequate advisors to be appointed to the board. On the other hand there are a lot of advisors who know a lot of several business areas but are not aware what board work includes and what the responsibilities are. This is one of the typical reasons why these advisors are afraid to join a board of an SME.

The final project idea was to activate board work in companies and improve the work there itself. In this way an unused or less used resource in a company would be mobilized and utilized for the company. This could be done by developing training for board members or for those who aim to work in a board in future. This training and the complete concept of HHJ (Hyväksytty hallituksen jäsen), i.e. “ABM” (Approved Board Member) was developed by Tampere CCI and Hallituspartnerit ry. The distribution of the ABM course is responsibility of Tampere CCI.

## 5. Approved Board Member (ABM) Concept

The ABM concept consists of ABM course, ABM examination, ABM community and ABM pool of board professionals. The main target of this ABM concept is to develop the board work at SME’s.

*The ABM course* is meant for people who are in the board of an SME or plan to join one in future. The course consists of four afternoons of lectures and one group work session, altogether five afternoons. In addition to the handouts there is some board work literature given to the participants. There are 10-14 high qualified lecturers per course. The lecturers are very experienced board professionals, owners of companies and highly educated persons. The clue and the leading thought is to describe the needed knowledge at board work in such a short time. The group sessions has been a real highlight. The number of participants is limited to 20. This enables a high and valuable conversation inside the group and with the lecturers.

*The ABM exam* consists of two parts, two seminar works and a written test. ABM exam is offered only to those people who have passed the ABM course. First the participants have to pass the seminar works to be able to attend the exam day. The seminar works are ventilated on the exam day's morning and the written test is done at the afternoon. The people who have passed through the exam are allowed to use ABM appellation and gain more appreciation in the business society.

*The ABM community* is meant to gather the ABM people and the owners and executives of local SME's. In this way the ABM people and the leading persons of SME's get to know each other and form a network.

*The ABM pool of board professionals* will collect the people who have passed the ABM exam. These "ABM people" will be procured to SME's, both local and nation wide.

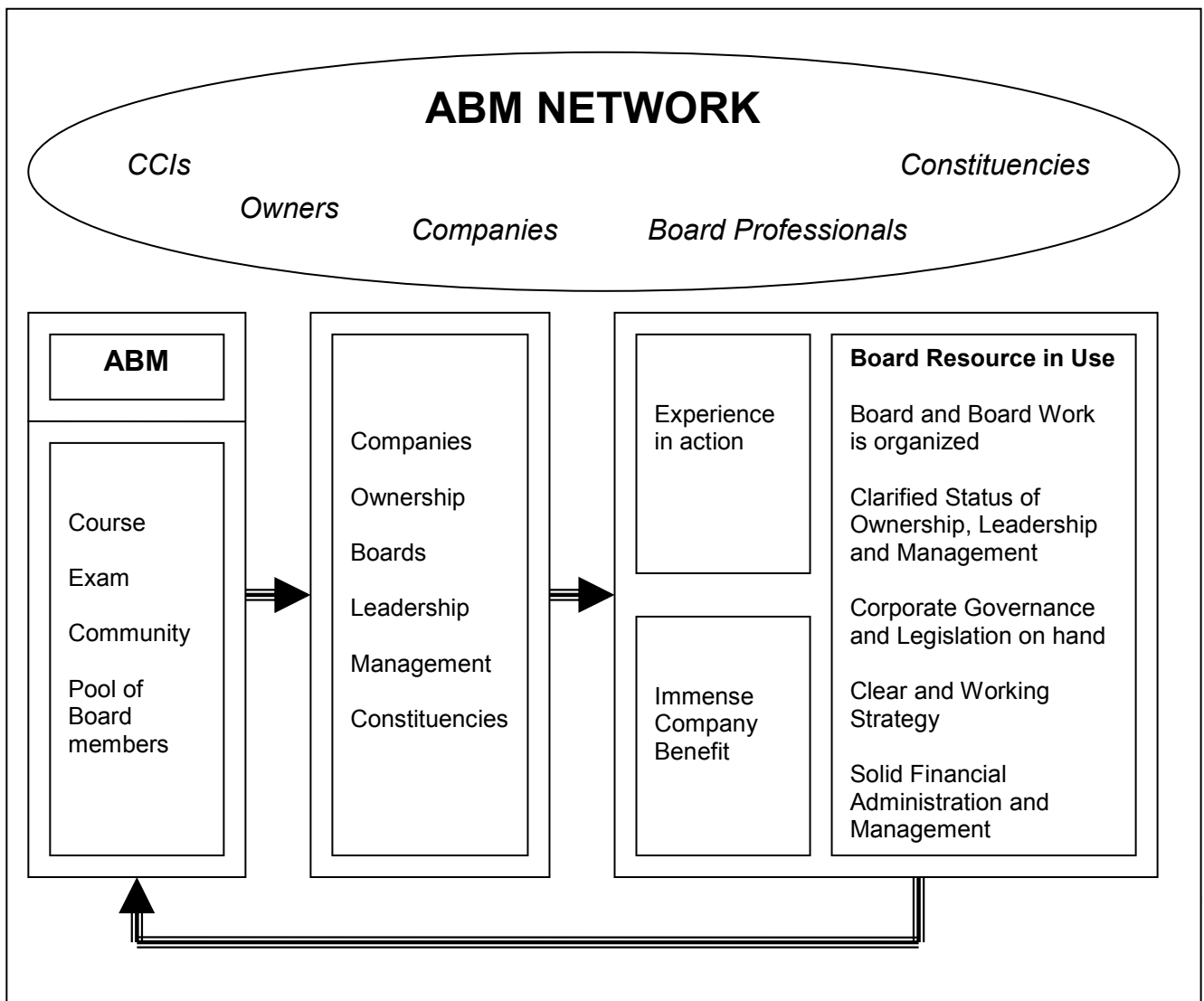


Figure 1: ABM concept and network

## 6. The Impact of the Project on the Chamber and the Business Community

### 6.1. Impact of the Project on the Chamber

Tampere CCI has got excellent publicity not only locally at Tampere region but also nation wide publicity. Several national newspapers and magazines and other media have reported about ABM course and ABM exam. Here some examples:

- *Aamulehti*, the second largest newspaper in Finland <http://www.aamulehti.fi/mediapalvelu/english/>
- *Talouselämä*, The Finnish Business Magazine <http://www.talouselama.fi/>
- *Taloussanomat*, The Finnish Business Review <http://www.taloussanomat.fi/>
- *STT (Suomen Tietotoimisto)*, The Finnish News Agency <http://www.stt.fi/en/>

November 15, 2006, ABM concept received a Certificate of Honour from The Pirkanmaan INNOSUOMI 2006 raati (The Regional INNOFINLAND 2006 Committee). The purpose of INNOFINLAND is to promote creativity, skill, entrepreneurial spirit and co-operation in Finland in a practical and creative way in order to nationally improve opportunities for wellbeing. President of the Republic Tarja Halonen acts as the patron of the project. <http://www.innosuomi.fi/en/main.html>

The feedback of participants at the ABM course has been excellent and the course has beaten the evaluation high scores of all previous trainings of Tampere and other CCIs in Finland. The courses have been fully booked weeks in advance although the marketing has been at a normal or even at a less level. A revolutionary phenomenon has been the fact that ABM course participants have been marketing the course on their own initiative. It resulted in “word of mouth marketing” with extraordinary positive results.

Both the ABM course and the ABM exam have raised the image of Tampere CCI and other CCIs in Finland. This ABM course and the ABM exam have offered to present members of the CCIs something new and especially to a new group of people among the member companies.

Tampere CCI was able to get subvention from the public sector to cover the development costs of ABM examination, ABM community and ABM board member directory. Provincial Federation of Pirkanmaa (Tampere Region) appreciated the genuine ABM concept so high that it decided to finance 60% of development costs (duration 17 months).

The logo of the Provincial Federation of Pirkanmaa:



## 6.2. Impact of the Project on all Finnish Chambers

There has been already a big impact on all Finnish CCIs. The image and status has become remarkably higher. At present 11 of 19 CCIs in Finland, and in addition to that The Central Chamber of Commerce in Finland, 12 Chambers in total, have taken the ABM course into their training service with success. And their number is growing. Every CCI who starts with ABM receives excellent local publicity.

## 6.3. Impact of the Project on the Business Community

“It is extremely important to have this kind of education and training which lectures and qualifies board members. This enables growth of companies, especially of SME’s. The need for this kind service is considerable in private owned SME’s and also municipal owned companies. We have been privileged to be able to take advantage of the ABM course among the first.” says Mr. Eero Otila, Director of Business Development, City of Tampere.

The ABM concept has improved both the board work and the performance of Finnish SME’s. Business advisors and board professionals have been incorporated with the owners and leaders of SME’s. They are transferring business skills to SME’s and at the same time they are building a huge network. Best practises are being spread out. The importance of strategy work is growing. This ABM concept makes good use of senior and retired business people.

Not only the ABM course and the ABM examination participants but even the awareness of ABM has improved the board work in many companies.

# 7. Measurable Outcomes

## 7.1. Trademark and a New High Status Product for CCI

When developing the ABM course Tampere CCI applied for the *HHJ, Hyväksytty hallituksen jäsen* (ABM, Approved Board Member) trademark to be able to protect this concept from possible competitors. The trademark application was approved by the Finnish Patent and Register Government on August 30, 2006.

The Central CCI in Finland authorizes real estate agents, rental housing agents, KHT auditors and HTM auditors. Some of them are monitored by local CCI. This ABM approval is not an authorisation. However it guarantees a certain kind of “knowledge level” and obviously it glides perfectly into both the image and offer of Finnish CCIs. The new ABM brand has been established. A New Product for CCIs has been invented; and it is a high status product in the eyes of the members.



## 7.2. Financial

Participation fee of the ABM course can be adjusted dependent on the location of the CCI. The average fee is 1000 Euros for members of CCI and 1400 Euros for non members. In average the income of one course is around 20,000 Euros. The costs are approximately 5,000 Euros only, because many lecturers do not charge any lecture fee and interested parties offer the facilities for free. Therefore the net income per course is about 15,000 Euros, which is an excellent return. Four courses for one CCI make roughly 60,000 Euros per year gross profit. All mentioned prices do not include VAT, and in Finland a VAT of 22% will be added.

## 7.3. Membership Increases


Tampere CCI has got in average two new members per course; and that by only 20 participants per course. A similar occurrence has been among the other CCIs in Finland.

## 7.4. Business and Job Creation

A natural outcome is the benefit for the companies. When the companies are able to utilize the activated and improved board work, the outcome can be measured by their effectiveness, growth, increased profit, and of course job creation. These figures can be calculated in the long run.

## 7.5. Participation Rates

The ABM course has been distributed to 12 CCIs in less than two years. The course supply covers now approximately two thirds of all members of CCIs in Finland.

 Hyväksytty hallituksen jäsen	2005	2006	End of March 2007	2007 estimate	2008 estimate
CCIs offering an ABM course	1	3	12	15	20 (all)
Number of courses	1	7	5	30	60
Participants at courses	20	140	100	600	1200
ABM exam, passed/participants	N/A	N/A	75/94	N/A	250/330
ABM pool of board professionals	N/A	N/A	56	60	200

## 7.6. People Involved

At the beginning in year 2005 the ABM course was developed. At that time one employee was building the content of the course for about three man-months. There were about 10 board professional volunteers assisting him. A steering group of four people was founded. Since February 2006 M.Sc. (Eng) Juha Koski was assigned to ABM Project Manager (full time job). Several employees of Tampere CCI have been helping every now and then. Those CCIs who have implemented the ABM course have assigned a person to be ABM responsible (part time job) and they have appointed a local steering group (4-5 persons). Eight people were called in to form the committee of examiners.

## 8. The Relevance of the Project in the Best Skills Development Programme

The ABM concept fits best into this category, because ABM education and training is one of the core services of CCIs. It could also participate in the category "Best New Membership Recruitment Project", because it fulfils the function of recruiting new members. "Best Unconventional Project for SME's" category was considered, because ABM concept develops the companies from inside.

## 9. Applicability of the Project throughout the World

The course can be franchised to all CCIs. The content of the course and the exam can be localized, and therefore the ABM concept is worldwide useable.

An example of localization is concerning the appropriate legislation. There are differences between countries concerning the existence of the board of an SME. In Finland the main company form is Oy (Osakeyhtiö), which can be compared with Ltd (Limited, Britain) or GmbH (Gesellschaft mit begrenzter Haftung, Germany). In Finland an Oy has to have a board, but usually a managing director is voluntary. In Germany this matter is just in the opposite way. Despite these differences the company in Germany could form an advisor board, which would work for a company like the board does for its company in Finland. This example proofs the world wide applicability of this ABM concept.

## 10. Contact Information

For additional information, please contact:

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