

## BUSINESSES

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# G. Karlaftis: Weak businesses are based on politics, strong ones are based on ideas



Why do some businesses fail and what factors should the entrepreneur base on?  
What is the role of original idea and innovation? George Karlaftis, Founder/  
Entrepreneur, answers these questions.



- What characterizes "weak" firms and what are their inherent characteristics regardless of size and performance?

In all fairness, without claiming to be a judge, as I understand and have experienced, "weak" businesses focus on one hand on old operating models, and on the other hand on the established mindset of those who founded and lead them. Specifically, in large companies, the inertia of structures and business-as-usual works, while in small and medium-sized companies, the entrepreneur is more concerned with the control of his executives and how they perform the management of daily activities, forgetting his own mission.

However, in both categories, emphasis is rarely placed on the mechanisms of establishing and organizing a revised business model and further decentralizing responsibilities to appropriate executives. Any digital automation projects are dictated by mandatory external regulations, laws and pressures to avoid marginalization without business orientation, while the concept of innovation is mentioned without association with a plan that has an impact on upgrading.

Therefore, the inherent factors of weak businesses are based on the neglect of the core competence, but also the mission of the entrepreneur to lead a value proposition in a rational but penetrating way on a clear and realistic strategy.

**- What is your initial approach to the initial specification of a business idea that will yield the desired sustainable growth?**

My personal assessment, which is derived from my experience through my different business moves and related ventures over the years in the market, starts from the fundamental conception and proper evaluation of the central idea from the entrepreneur's side, which provides the initial solid value but also makes visible the dividing line between the established business practice and the development business.

It is important to mention that the idea needs to be analyzed on specific assumptions and realistic parameters avoiding any attempt to combine it with design elements before the range of products/ services, its uniqueness and to what exact level and extent it is applicable and can create demand becomes clear, as well as the estimated market share forecast, but also the scope for its escalation.

**- Beyond the idea, how does the role of the Entrepreneur affect the foundation and organization of development and empowerment factors?**

The entrepreneur must devote himself to the development of the business and not to its management. At the same time, he must inspire his executives and encourage them to take initiatives in a flexible decentralized framework and move forward by adopting flexibility and reducing production time per business unit.

Above all, however, it must emphasize the alignment of everyone to the common goal and overlap when countervailing forces are practically caused within the company.

**- What role does innovation play in the development of the business idea?**

Innovation can be considered in two directions: the first refers to how innovative the idea is; what different or completely new it offers to the target market. The second has to do with the degree of innovative interventions for the business organization and operation of the business with the aim of developing (gradually and not immediately) an operating model, which will take advantage of applicable pioneering solutions for rapid market penetration, high customer care quality, and recording the reactions from each customer to create reliable feedback for improvements on the product, but also the business model.

**- Is the business idea the only catalyst for successful Businesses – how do you approach planning to capitalize on the idea?**

Success always depends on the functional organization, the flexible processes within the company, the ability to adapt them in cases of upheavals and crises and the adoption of the way of work throughout the hierarchy, but also the recognition of the effort, thus forging a network of trust and enthusiasm. A good idea in itself is like a strong engine of a vehicle, however, it needs a strong body, durable tires, fuel supply and many equal drivers who could drive through the daily routine.

However, the entrepreneur must have the responsibility to design a reliable and efficient vehicle. The term that summarizes the above is "Digital Transformation" where a business model must be implemented on IT systems and technologies.

## ***Macroeconomic conditions***

**- What are the additional requirements, apart from the business idea and the right organization, to lead the business on a path of sustainable development?**

In addition to the above, macroeconomic conditions must be taken into account in dealing with real risks related to the sole purpose of any business venture, namely market penetration and dynamic revenue growth from an idea when implemented. Also, microeconomic conditions should be considered if they affect purchasing power or lifestyle if they cause negative shocks to business goals.



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