

ΟΙΚΟΝΟΜΙΑ

G.Karaftis: The present and the future of businesses - Opportunities and challenges

George Karlaftis analyzes how a company can address rising costs.

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In The TOC, Founder/Entrepreneur George Karlaftis discusses the challenges companies are facing in our era and how to address them.

He analyzes how a company can address rising costs, proper business planning, the role of business executives, the risk of complacency, the use of new technologies, and human-centric principles.

How can a company address rising costs?

"Within the dynamically and rapidly evolving business landscape, companies face increasing costs due to inflation, supply chain disruptions, and constantly changing market requirements.

The complex management in this difficult landscape requires strategies that help companies not just survive, but also increase revenues and profitability sustainably.

I will attempt to analyze how companies approach, through current circumstances and pressures that increase their costs, targeted forecasting strategies, implementation, and innovative mechanisms that enhance modern developmental performance."

What Functions Affect Business Planning?

"Risks from increasing costs constitute more than just a factor causing operational problems. They reflect turning points and interventions where cohesion, control, and development can be dissolved, leading to stagnation.

Targeted planning that ensures prospects contributes to timely trend prediction, flexible alignment of functions, and the ability to effectively cover current and future market needs in two main directions:

- Strategic Priority for Sustainable Cost Management

Effective cost management begins with strategic prioritization. Reassessing supply chains of all kinds, minimizing unnecessary activities, and adopting lean methodologies help businesses sustainably manage costs.

For example, renegotiating supplier contracts, shifting to efficient logistics providers, sourcing alternative raw materials, or forming alliances with partners for improved and affordable service provision can significantly influence the final result.

- Resilience Scenarios

In view of improved business planning, companies can prepare for multiple scenarios by quantifying and exploring factors such as changes in consumer behavior, regulatory changes, and competitive pressures. Scenario planning equips companies to pivot quickly and apply strategies appropriate for different economic climates."

What are the Challenges for Efficient Business?

"Rising costs cause inefficiency. Streamlining processes and adopting lean methods can reduce waste or dysfunction, improve productivity, and offset some of the pressures that increase costs."

Why Should Companies Not Become Complacent?

"Businesses that adapt too slowly or fail to innovate risk being overshadowed by more flexible competitors."

Incorporating a culture of continuous improvement and adaptability is essential for effectively addressing rising expenses."

How Can Cash Flow Limitations Be Addressed?

"Increased costs can burden cash flows, limiting developmental investments."

By reassessing expenses and exploring alternative funding options, businesses can support substantial development initiatives despite financial pressures."

Enhancing Competitive Advantage: Companies that manage to control costs while maintaining quality gain an edge in the competitive landscape. In a challenging economic environment, performance-related innovation is crucial for maintaining market share."

What is the Role of Executives in Addressing Cost Increases?

"CEOs and Financial Directors play a central role in monitoring costs, being the "spearhead" for strategic responses and intervention orders. They shape the organization's priorities and ensure that cost concerns are addressed with proactive solutions.

Operations Managers are responsible for identifying inefficient operating lines and attempt improvements, with the Financial Department's consent, to balance operational needs with financial constraints.

Strategic Planners are corporate strategy professionals who analyze market trends, aligning cost management with long-term goals for optimal resource allocation.

Human Resources and Innovation Managers can upgrade employee readiness, while Chief Innovation Officers ensure that innovative technological investments maximize performance, enhancing effectiveness and opening new growth opportunities."

How Will Economies of Scale and Multiplicative Effects Be Achieved?

"Realizing economies of scale requires evaluating and leveraging actions to increase productivity and production without proportional cost inflation.

This can include consolidating activities, compressing actions, as well as more favorable financial negotiations in raising capital or securing lower interest rates."

How Can a Company Leverage Technology Advantages?

"Digital transformation enhances existing business models with automation, reducing labor costs and saving resources, provided there is training and readiness.

Using AI and sensors (IoT) to collect large volumes of primary data generates useful information, revealing areas for improvement, while AI further enhances effectiveness by precisely predicting demand, reducing inventory costs, and improving supply chain management.

Alliances or joint ventures that allow companies to share costs benefit from using leased additional resources or applying partner expertise.

These alliances can quickly open new markets without the need for Research and Development costs.

Offering products or services that scale with minimal additional investment, such as similar or functionally connected products, or for software companies, launching upgraded programs with broader functionality, supports exponential growth where applicable."

What are the Human-Centric Principles for Market Expansion?

"Focus on Small Improvement Innovations: Small, continuous improvements (kaizen) identified by employees can yield significant cost savings and productivity gains.

Critical Decisions with Risk Awareness and Investment Return Focus: Businesses should apply periodic cost-benefit analyses and pilot initiatives to ensure resources are allocated effectively, weighing risks and investment returns. Benefits are never capitalized without risk.

Skill Upgrades and Employee Engagement: Human capital is vital for managing rising costs. Investment in training to enhance skills extends to leveraging digital tools like cloud computing, customer relationship management platforms, green services, and other sustainable initiatives, as well as monitoring performance indicators at multiple levels, continuous feedback, and commitment to regulatory compliance."

"Transitioning to a strict regime with modern cost control requires commitment, gradual targeted actions, and a transformation in overall culture centered on adaptability, innovation, and development. By implementing timely, strategic interventions, leadership can guide every business to achieve economies of scale and prepare for sustainable long-term growth."