

CLASSIFIED NEWS

Entrepreneurship: built to last

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The average lifespan of companies is shrinking alarmingly; it is currently just under 10 years, with up to 80 per cent of start-ups failing within five. This is worrying because entrepreneurship is the backbone of our economy and prosperity.

The main reason for this negative development is that there are fewer and fewer destined entrepreneurs! Instead, neo-managers are increasingly occupying this field, driven by the supposedly great fad of founding start-ups. Many start-ups are only founded because of subsidies or funding from yield-hungry investors. The majority of them are not set up for the long term.

The millennia-old classic idea of the entrepreneur planning for a family business that will last for generations, which made the European economy so robust, is increasingly going to the dogs.

This new-fangled, locust-plague-like culture of entrepreneurship is not sustainable. It causes long-term damage to our economy and resilience of competitiveness. Unfortunately, politics and the education sector are also fuelling this aberration.

Neo-managers, prestigiously often referred to as “co-founders” or, erroneously, even as “entrepreneurs”, usually bear only an asymmetric risk because they hardly assume any liability or responsibility. They work predominantly with OPM (other people’s money), which is why their share in the company gets diluted with each round of financing. Soon

they will no longer own the majority of the company and can’t call the shots, nor will they in the future. Their family is not involved, so there is little emotional long-term commitment there.

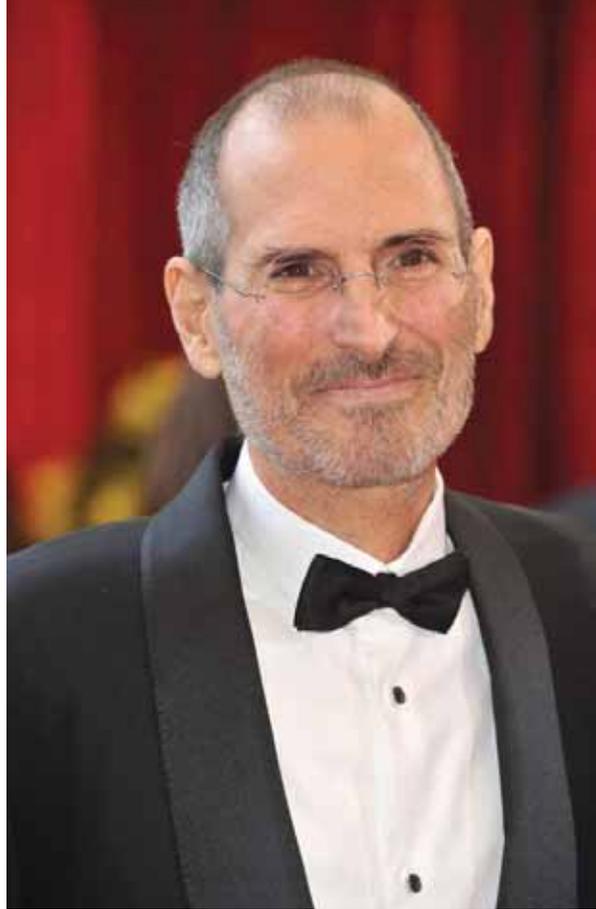
In the case of the classic vocational entrepreneur, on the other hand, he is ultimately liable as the majority owner, takes an entirely different kind of risk and, therefore, puts his heart and soul into ensuring that his company is successful. Otherwise, he will go under with all his might.

With neo-managers, the self-image is entirely different. Whether they do well or not, they get handsome salaries and bonuses whatever they achieve. Should things work out well, they get exit payouts or gratuities on top, then they disappear and move on.

“Sustainable, robust development needs nurturing and care, a constant unfolding”

Steve Jobs, the father of the world’s most valuable company to date, Apple (\$3 trillion), was unequivocal about this in his biography: “I hate it when people call themselves ‘entrepreneurs’ when what they’re really trying to do is launch a start-up and then sell or go public, so they can cash in and move on. They’re unwilling to do the work it takes to build a real company, which is the hardest work in business”.

The sustainable basic idea of classical entrepreneurship is based on organic growth and means starting small, with a few people, small structures and a manageable financial volume and commitment.



Late Apple co-founder Steve Jobs wrote in his biography that he hates it “when people call themselves ‘entrepreneurs’ when what they’re really trying to do is launch a start-up and then sell or go public, so they can cash in and move on”. PHOTO: SHUTTERSTOCK.COM

Organic growth takes time. You cannot accelerate the growth of a blade of grass or a tree to a few seconds. Sustainable, robust development needs nurturing and care, a constant unfolding. Everything artificially hyped, pushed and accelerated overtaxes the market or entrepreneur.

This is most evident with influencers: they start alone, then rapidly do numerous things with a team on five channels; they are broadcasting online every two hours. In five years, they have burnout or interest in them burns out and the business collapses.

It makes little sense for Europeans to go the American way or turn some countries into a new China, Singapore or South Korea. In the end, everything copied is never as unique as the original.

Meanwhile, many high streets in cities look the same, have the same restaurant chains, shops, brands, lettering and shop windows. Is that better than before? Do we want a New York, Shanghai or London everywhere? No!

Let’s remember what makes us special: for ‘good old Europe’, the ‘good old European way’ is just right. In Europe, we build solid houses for generations that can withstand storms. An American builds his house within weeks but a tornado also mows it down in an hour.

These are simply different cultures, different understandings. We as Europeans have many strengths, competencies, talents and rich history. We should also urgently strengthen the regional component again.

The pandemic has shown us how quickly globalisation stutters. More regionality does not make us completely self-sufficient, however, it promotes our economy’s resilience and reduces dependency.

It is time to make our ecology and economy sustainable: perhaps the good, beautiful old days were such after all and many good things could be re-embedded in the modern world. This also applies to the tried and tested classic, resilient entrepreneurship. Because what is called modern is not always an improvement.

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Property market expected to ‘remain bullish’

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2021 saw a shift towards customers preferring to work with highly qualified real estate agents, who can manage a transaction whether it happened to be a residential or commercial sale or a let, and we trust the value of our highly trained and experienced real estate professionals will be even more evident in 2022.

We expect a positive home price growth in 2022 for most areas of Malta and Gozo, but at a more moderate pace than the growth we have experienced in the past years. Such growth very much depends on the availability of properties which are currently high in demand, construction costs, affordability constraints for first-

time buyers, interest rates and investor appetite.

If the past 12 months have taught us anything, it’s that it is impossible to predict the future. While this past year was a challenging but also a very busy one, we believe we may start to see the market normalise to a degree for 2022. While sellers remain in a strong position due to high demand, especially in segments where the supply of particular types of property remains limited, expected price stabilisation and the continuation of competitive interest rates bodes well for the entire industry.

This will be further complemented by the recent introduction of new government incentives as announced during the budget: where tax and stamp duty on the

first €750,000 will be waived when one purchases a property which is situated in an urban conservation area (UCA); or in the case where one acquires a property which was built more than 25 years ago and the property has been vacant for a minimum of seven years.

The same incentives also apply when one opts to buy a property which has been built in accordance with local architecture. Furthermore, one may also be eligible to claim back up to €54,000 of the total VAT applicable to the total amount which was spent on upgrading and refurbishing such a property. All of these incentives will certainly be welcomed by buyers and vendors alike and should create further opportunities for the real estate market to remain bullish in 2022.

While the 2022 property market may be a bit cooler than that of 2021, particularly during the first quarter, we are confident it will still be another strong year.

With all the changes and disruptions in almost every market, from supply issues and challenges in the hospitality and service businesses to volatility in stocks and shares and lower rates offered by bonds, the one constant in growth and stability has been – and will surely remain – in real estate.

Of course, whatever your property needs may be, now or in the future, we at Frank Salt Real Estate are here to help and support you to make the right decision and invite you to contact us or visit one of our branches in Malta and Gozo.