

February 24, 2012 5:33 pm

Entrepreneurs test the waters in Greece

By Joshua Chaffin in Athens

On Tuesday, just hours after Greece and its lenders came to terms on a new €130bn bail-out to spare the country from ruin, a group of smartly dressed Athenians gathered on the top floor of the city's Benaki museum to try to change the subject.

They were attendees at a TED conference, an offshoot of the Silicon Valley talk-fests, dedicated to hatching big ideas and business ventures in technology, entertainment and design. The subject was entrepreneurship in Greece and panellists bubbled with hopeful talk about the country's prospects.

"Amidst all the doom and gloom and all the negativity, I do see sparks – sparks of creativity," Simanta Das, an Amsterdam-based venture capitalist proclaimed, casting a spell over the room.

Yet this spell was soon broken by wails of protest from the street below, where anti-austerity demonstrators were challenging riot police outside the presidential palace.

Such is the plight of Greece's entrepreneurs. Even in the best of times, they face an uphill climb in an economy that is better known for political patronage, bureaucratic inefficiency and corruption than start-up zeal. Now their dreams of blazing a new path and playing a role in Greece's transformation are confronting the realities of a debt crisis that promises years of economic hardship.

"There's no demand, the price of oil keeps rising, taxation is increasing and there's no working capital from the banks," Patroklos Koudounis, an Athens consultant, said. "I think that's the definition of a vicious circle."

Even companies that have managed to survive on such unforgiving terrain are discovering that they are now tainted in the wider world merely for the fact of being Greek.

Students fear future

Students at one of Greece's leading universities fear for what their future holds, **writes**

Just ask Harris Eliopoulos, managing director of Encode, a 10-year-old internet security firm, who went to London in October to hunt for fresh capital for expansion.

The same day that Mr Eliopoulos met with three venture capital

Joshua Chaffin.

For undergraduates at the University of Athens, the outlook is grim in an economy that shrank 7 per cent last year. Many fear they will have to leave their country to find work.

“Universities are creating skilled people in Greece so that tomorrow we can go somewhere else in Europe,” said Konstantinos Gonianakis, a 19-year-old who wanted to become a teacher but now is unsure what he will do. “If we stay here, we will end up cleaning toilets in Starbucks or McDonald’s.”

Nodas Douzimas, 26, said the job market was so bad that people tended to laugh when he told them he was looking for work.

“It’s a mistake to burn buildings. It’s not something I can agree with but I can understand how it happens,” he said, referring to riots in Athens. “There are many burnt lives out there.”

In spite of their frustration, students hesitated to blame their parents’ generation for Greece’s slide. Instead, they pointed to corrupt politicians and “thieves”.

They split on the question of whether Greece should stay in the eurozone or European Union. Panagiotis Karadimas, 22, argued that a return to the drachma, touted by some leftwing politicians, would only make matters worse.

“Everybody is pretending there’s a magic way to solve this,” he said, expressing hope that the sacrifices of the past two years would set the stage for a national revival.

To Vasia Charitou, 24, the

firms, George Papandreou, prime minister at the time, called for a national referendum on Greece’s first bail-out – a ploy that plunged the country deeper into crisis while giving outsiders a glimpse of its dysfunctional politics.

“Everyone just looked at us like we’d dropped from the sky,” Mr Eliopoulos recalled. “Being Greek at this moment does not help.”

Alexander Athanassoulas, who founded Strixis, a design and marketing company 16 years ago, said his customers urged him to relocate after watching footage of riots and protests on television. “All the people we work with around the world tell us, ‘You’re crazy to be doing that in Greece. You should be doing it somewhere else in Europe’,” Mr Athanassoulas said.

Like other Greek businessmen, he bristles at suggestions that Greek workers are lazy – arguing that it is harder to operate in such a chaotic environment. But he makes no apologies for his government. “We have a state that does not function at all,” he said.

In theory, Greece should be able to duplicate at least some of the success of Israel, another small Mediterranean country that has managed to become a technology powerhouse. Parents are obsessed with education. The diaspora is prosperous and legions of Greeks have thrived working abroad. While the government may be broke, private wealth is still plentiful.

“There’s a lot of money to invest – Greek money,” one executive at the TED conference observed. “But it’s leaving the country,” he said, before confiding that he was considering doing the same.

The business costs created by a maze of regulation and bureaucracy are well known. A licence for a solar investment that required a month to obtain in Germany might take a year or longer in Greece, Mr Koudounis estimated. The country ranks behind Egypt and Yemen in the World Bank’s ease-of-doing-business index.

But the growth of the state over the past 30 years and its all-embracing nature may have had another, less obvious effect

nation had to do better. “We invented democracy, we’re Greek. It’s in our DNA,” she said.

on business. Many entrepreneurs believe it has blunted Greeks’ appetite for risk. For many students, the dream remains a cushy government job with a regular pay cheque – not a business career.

“It’s something our parents have put into our heads from a young age,” said Vasia Charitou, a student at the University of Athens. “Every parent wants their children to be safe.”

Even with state payrolls facing massive cuts as the price of the bail-out, her professor, Aristides Hatzis, says that he receives emails from high-school students asking if a degree from his economics department will guarantee them a government job. “This is so disturbing,” Mr Hatzis said. “They see university as a necessary step of being a public sector employee and trying to get a pension as soon as they can – hopefully in their 50s.”

Not all Greek entrepreneurs are pessimistic. John Delidimios, managing director of Inter Trade Hellas sees opportunity precisely because of the country’s flaws. Six years ago, Mr Delidimios left behind his career as a New York bond trader and returned to Greece to start a company making paper goods. Sales have since grown to more than €50m a year.

By relying on machinery for production – and a limited workforce – Mr Delidimios has managed to limit the frustration of Greece’s labour laws. He reckons dozens of other unglamorous, inefficient industries are waiting to be conquered.

“I would really compare Greece to the post-communist countries after the collapse of the Soviet Union,” Mr Delidimios said. “This really is a semi-Soviet state.”

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