Tomorrow's Affairs
Analysis of today
Assessment of tomorrow

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Is Making a Profit Enough to Survive?

People often think that if a company is making a profit, it indicates strength and sustainability. However, when we delve into the realities, we see that profit alone is insufficient.

Economic fluctuations, social changes, political tensions, and international issues can sometimes lead those companies to sudden bankruptcy overnight.

Sometimes, even large corporations that generate high profits can go bankrupt or be forced to cease operations due to financial crises or developments in foreign policy.

For instance, did the global crisis that erupted in 2008 pass without affecting the world economy and even major financial institutions? Certainly not.

Major investment banks like Lehman Brothers collapsed due to high-risk mortgage loans and excessive indebtedness. This situation became a catastrophe that not only shook the financial sector but also disrupted global markets, impacting other companies as well. In fact, many firms that showcased high profits faced sudden economic difficulties that they could not recover from.

External forces that shape corporate destiny

Social movements can also unexpectedly hit companies. The Arab Spring emerged with demands for democracy and freedom, but on the other hand, it caused many companies to halt operations or shut down.

Security issues and public anger led to significant losses in sectors such as tourism, energy, and retail. These events show that companies need to consider societal dynamics rather than just fixate on material gains.

Moreover, it's not just economic and social factors; international relations and political crises can determine the fate of companies as well. If a country experiences civil war or regional conflicts, companies operating there can suffer serious losses.

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The Iran-Iraq War pushed oil companies in the region to their limits, forcing them to halt production. Similarly, during the Gulf War, many companies in the energy sector incurred substantial losses.

Diplomatic relations and international sanctions represent another source of threat. Severe economic sanctions imposed on Iran caused many major energy and finance companies to cease operations.

Large companies like Total were forced to suspend their projects due to constantly changing policies and embargoes. Another instance is the emergence of trade wars between China and the USA, where tech giants like Huawei lost market share due to sanctions and security concerns.

In this scenario, it's not enough for companies to simply generate good profits; they must also anticipate political developments and strategise accordingly.

When profitable businesses become victims of systemic risks

When we look at various historical examples, we witness how economic crises, political tensions, and regional wars have affected major corporations. For example, in the 2008 crisis, businesses in the financial sector that appeared to be profitable were actually victims of systemic risks.

As mentioned earlier, institutions like Lehman Brothers suddenly collapsed due to high-risk investments, deceived by profits on paper. It

wouldn't be inaccurate to say that it was "preferred to collapse."

> A company may show high profits, but tensions in another country or region can completely alter its fate

Sometimes, politics can even decide who will fail. Again, the political decision to halt Iran's oil exports turned global energy markets upside down. Throughout these processes, even major companies have not been able to escape these developments.

All of these events demonstrate that, just as important as generating profit is the ability to properly analyse happenings outside and manage risks effectively.

Not just internal success and cost advantages but also developments in international politics, geopolitical risks, and regional conflicts directly or indirectly affect companies' very existence.

A company may show high profits, but tensions in another country or region can completely alter its fate.

Managing both external and internal risks

This is why, for large companies to survive in the long term, it is not enough to focus solely on financial performance. They must also diligently track developments outside, be prepared for political and economic crises, and develop flexible strategies.

Because history shows that merely making a profit is not enough; external threats, sudden wars, diplomatic crises, and regional conflicts can swiftly lead companies to bankruptcy. Again, when we look at examples, we witness companies failing not only due to economic reasons but also due to issues in their policies and internal workings.

For example, the Enron scandal emerged from accounting scandals, and it was not economic factors but internal corruption and loss of trust that led to the company's downfall.

I vividly remember that while visiting one of the most luxurious restaurants in Istanbul every three months, I always encountered tables full of Enron employees.

> The success of companies is possible through holistic management of both internal and external environmental factors

I finally couldn't help but ask, "Is it my luck to keep running into these people?" The answer came swiftly: "They never leave this place!" This example illustrates that both external developments and internal issues within companies pose significant risks.

Looking from a broader perspective, factors like prolonged wars and state policies directly impact many large companies. Companies operating in regions where wars break out face serious operational and financial challenges.

This is not limited to the energy sector; sectors like construction, tourism, and aviation also suffer from such tensions.

As a result of all these examples and analyses, we can say that, for large companies to continue making profits, it is essential not only to achieve commercial success but also to manage external risks efficiently and adapt their strategies accordingly.

Otherwise, even high profits and strong balance sheets can dissipate in the face of unexpected risks. Thus, the success of companies is possible through holistic management of both internal and external environmental factors.

Preparing for risks: the path to long-term sustainability

In conclusion, history teaches us that it is indeed possible for a company to go bankrupt even while making a profit.

Therefore, for companies to sustain themselves in the long term, it is crucial to closely follow global developments and remain prepared for risks, paving the way for sustainability.

The crisis management strategies and precautions that companies take are just as crucial as their success stories in making a profit - Emre Alkin

This is why, today, the crisis management strategies and precautions that companies take are just as crucial as their success stories in making a profit.

Because history has shown that the highest profits can be overshadowed by the greatest risks. This teaches us that true sustainable success requires not only cost management or profit-making but also foresight and resilience.

Remember, if your revenue is between 1 and 10 million dollars, you're a trader; between 10 and 100 million dollars, you're a business person; after 100 million dollars, you become an intelligence manager.

Up to one billion dollars, you operate as a politician, and beyond one billion, you have no choice but to be a diplomat. Therefore, while growing, it is highly beneficial to add personnel who fit the characteristics I mentioned to the organisational chart of the company.