

Four framework approach to richard branson



**ASSIGN
BUSTER**

Introduction

Leadership was once about hard skills such as planning, finance and business analysis. When command and control ruled the corporate world, the leaders were heroic rationalists who moved people around like pawns and fought like stags. When they spoke, the company employees jumped. The entire career system in some organizations is based on using hard functional skills to progress. But when executives reach the top of the organization, many different skills are required.

Corporate leaders may find that although they can do the financial analysis and the strategic planning, they are poor at communicating ideas to employees or colleagues, or have little insight into how to motivate people. The modern CEO requires an array of skills.

Some suggest that people expect too much of leaders. Indeed, “renaissance” men and women are rare. Leadership in a modern organization is highly complex and it is increasingly difficult. It is sometimes impossible for finding all the necessary traits in a single person. Among the most crucial skills is the ability to capture audiences.

Richard Branson, the funder of Virgin Group and Virgin Atlantic Airline could be one of best leader in the industry.

Biography

According to Virgin group website, Richard Branson was born in July 18, 1950 in Surrey, England. He is the son of a lawyer and an airline stewardess. He was educated at the exclusive Stowe School, but did not excel, possibly due

to his nearsightedness and dyslexia. In his teens he developed a national magazine, *Student at the Age of Sixteen*. At seventeen he began a student advisory service.

After leaving school, Branson entered the music industry. Considering that he could sell records cheaper than the existing average, he started a mail-order catalogue with friends. It was a success, and they opened a record discount shop. They named the business Virgin, because it was their first venture.

Virgin Airlines is one of Branson's main businesses. Formed in 1984, it is part owned by Singapore Airlines, and it is the second largest British long haul international airline, and has won many awards. During the 1990s the fleet and the air route network expanded and a Premium Economy service was introduced. In 2003 Virgin Atlantic launched the innovative Upper Class Suite with a flat bed and seat, and in 2006 the Virgin Clubhouse opened at Heathrow with a spa, brasserie, cocktail bar, hair salon and games room. Branson is also well known for his personal adventures by "Virgin Atlantic Flyer".

In 2010, and less than 40 years after the original conception of the Branson Virgin businesses, Branson boasted over 200 Virgin Megastores worldwide. All told, Branson employed 24, 000 employees in 150 companies, with revenues totaling an estimated five billion dollars each year from the entire Virgin Group including the music stores and airline. The Virgin empire was is the largest privately owned business in England (Virgin Atlantic Airways, 2010).

Bolman and Deal's Four Framework Approach to Richard Branson

Leadership models can also help us to understand a leader's organizational influence. Bolman and Deal, in Four Framework Approach, suggest that leaders display behaviors in one of four frameworks: Structural, Human Resource, Political, or Symbolic. Each requires a specific organizational setting to be successful.

The Structural Framework

From the rational perspective, organizations are instruments designed to achieve specified goals. Organizations are "purposeful" in the sense that the activities and interactions of participants are centrally coordinated to achieve common objectives; behaviors in organizations are rational in the sense that roles and role relations are prescribed independently of the personal attributes of the individuals in the structure (Richard, 1992). In the rational domain, organizations are driven by strategies, and the role of management is to align strategies and structure with the external environment.

Strategy development includes two kinds of approaches mainly. The first one is prescriptive approach which is the firm defined the objective and/or the main elements before brainstorm the strategy; vice versa, another one is have no clear objective and/or elements, all the strategy will be developing during the process, which call emergent approach. Finally, what people and task performed base on above approaches that will generate the strategic change by formal or informal organizational structure from the managers, because of environment, business relationship, technology, people, life

<https://assignbuster.com/four-framework-approach-to-richard-branson/>

cycle, political power, etc (Tichy, 1983). The importance of strategic change is that it may occur with considerable disruption, but this practice is also useful to analyse the specific causes for planning the best direction on Branson's management change.

Branson's Corporate Level Strategy

Diversification: The core business of Virgin Group is travel, but since early 1990, it has begun to involve in many other different businesses, such as airlines, hotels, and other services. There are no direct or substantial relationships between each other. Such businesses include mass media, entertainment, beverage, finance, weight industries and more, all these small business units (SBUs) enriched the Virgin's portfolio.

Brand Extension: Branson built its red brand to represent value for money, quality, fun, innovation, success and trust. This idea is developed and applied on its whole range of businesses.

Joint-Venture: In the flight service, each airline has to get the permission for access paths by dealing with local governments, this process is very complicated and consumes a lot of resources in terms of human, money and time. Joint-venture is the method that can be easy to get this permission, also could be easy to meet the economic of scale to reduce cost, and share or lower the risk.

Branson's SBUs Level Strategy

Differentiation: Branson provides the offer which other firms do not. The very common example is, Virgin Atlantic's souvenirs are always different and unique. Another one example is Virgin Atlantic keeps its safety record is zero

accident, to increase the confidence to its passengers, or customers though its air ticket is expensive than others in general.

The Human Resource Framework

Although people are intentionally rational, not all human behavior is the result of rationality. People do not leave their emotions and feelings at home when they come to work in the morning, and noneconomic objectives are pursued alongside economic objectives (Powell, 1999). In the human domain, the central issue is how to integrate human needs with organizational rationality.

Virgin Group considers people as the important assets, so it pays attention to people's motivation, culture and even the individual desires to manage and maintain people work well and comfortable. Branson also thinks staff first, then customers and shareholders, therefore the chairperson, staff, customers and shareholders could be considered as the key stakeholders.

Chairperson & Shareholders:

Branson is as a leader in Virgin which has used the corporate brand name across its entire product, the whole Virgin Group is influenced by him, and he is the greater single asset in the group (Ensor & Drummond, 2001).

Meanwhile, Branson is one of the shareholder of Virgin Group companies, so as same as other shareholder, his values will be added into the group and will be implemented in running the business. Branson's values are innocence, innovation, quality, fun and irreverence of authority, all of such values could be found in his choices of new ventures.

Investor:

The investors mainly focus on the profit and the return of investment (ROI).

This issue makes the conflict between investor and customers, because customers want to have better services that will increase the cost and decrease the maximization level of the profit

Staff:

The skills, knowledge and suggestions of the staff are important to the company, Branson also understand this point so that he wants his best people will stay in his company for “ venturing” (Grant, 2003).

Example: Julie Bower, Virgin Atlantic Project Manager, response to source alternative customer relations management (CRM) software, then experienced partially customized system with Virgin Atlantic’s own data. Finally, Saratoga System has been chosen as the provider of CRM system (Thomson Corporation Company, 2005). This example shows the valuable staff will affect the strategic development.

Customers:

The best products or services are always seeking by customer, in order words, firms are required to provide best product or service for maintaining current customers and exploring new customers. Companies that survive profitably in a competitive environment must be providing value for money (Johnson et al, 2005). Therefore, customers also influence the strategies of the company.

Our first time with Virgin Atlantic, and out last! Chaotic queue at LHR took three hours to reach check in desk. The cabin crews were arrogant and more

<https://assignbuster.com/four-framework-approach-to-richard-branson/>

interested in putting on more make up than serving passengers. Virgin relies on their reputation from the eighties, but they have lost it big time. Want to travel and enjoy the experience - avoid Virgin at all costs (Skytrax, 2008).

This example not only explains how customers influence the strategy development, also explains to provide the certain products to customer can reduce the probability of financial loss.

The Political Framework

From the political perspective, organizations are coalitions of diverse individuals and groups with enduring differences in values and preferences. They are governed not by a single center, as is assumed in the rational perspective, but by a dominant coalition of interest groups. As such, organizations often operate with unresolved conflicts in goals (March & Shapiro, 1992). From the human domain perspective, malfunctions arise from structural misalignment or from personal deficiency; while from the political perspective, divergent interests and resource scarcity inevitably turn organizations political.

Government:

The core business of Virgin Group is transport service, and this business is highly regulated by the government. In the result, government policy is very important to the Branson and company as well, like policy on safety, route, franchise etc. These factors are about the change in government or government policy. The airline industry in UK has been privatized already, this action is initiated by UK Government. Branson got the opportunity to run the airline services from this political change to be a franchisee. Branson

entered the markets or industries that have large, well established competitors, for instance, David is one of his favorite roles who against Goliaths, it is the example that the corporate against a big business. Now, the airline industry is run by two parts, Virgin Atlantic and British airways, provide flight and airline services respectively. Moreover, British Airways is the main competitor for Virgin Atlantic that leded Virgin Atlantic always played the underdog role in competing with British Airways. Though Virgin Atlantic and British Airways had been role as underdog and bully respectively, in 1992, Virgin Atlantic had been success to claim one and half million dollars from British Airways (Aker, 2005 & Grant, 2003).

The Symbolic Framework

Symbolism plays a critical role in human experience. In the rational domain, the point of life is choice. However, organizational life is only partly concerned with making decisions (March & Shapiro 1992). Decision making is often an arena for symbolic actions. Many events and processes are more important for what is expressed than for what is produced (Bolman & Deal, 2008). The leaders use symbols to capture attention; they try to frame experience by providing plausible interpretations of experiences; they discover and communicate a vision.

Innovation:

Branson understands the new matters could attack the new customers and maintain the current customers, but its competitors also understand this simple theory. Therefore Virgin Atlantic based on the existed offers with new concepts or packages as a new products or services to get the competitive advantage in the industry.

These factors are about the application of new inventors or ideas. The technology in air applies to the development of safe airplane, or reliable engine. Virgin Atlantic is the pioneer in this area, Branson introduced the Rolls-Royce Trent 700 engines to power its new Airbus fleet of 10 A330-300s has triggered a big switch from pollution to green eco-friendly travel on the route. The Trent 700 is the first engine in the highly successful Trent family. The 72, 000lb thrust engine has lower maintenance costs, lower weight and better performance retention. With the lowest lifecycle fuel burn, lowest cumulative emissions and lowest noise levels the Trent 700 has the lowest environmental impact of any engine on the A330 (TravelDailyNews, 2009). Branson reduces the time taken for long distance travel and efficiency in helping to customers.

Except the improvement on speed, Branson also increased number of channels for passenger to buy tickets by web and machine. The software was designed to link customer details, flight information and limo service details together and provides Virgin Atlantic staff with accurate information and tools to efficiently and effectively manage the Upper Class Wing operation (Journalism UK, 2008).

Virgin Atlantic has got the opportunity to operate the UK and World air service by the government policy. The inflection perhaps people will be willing to expand more on the travelling. The change of working place also affects the demand on all the modes of transport. The new channels have been developed through the web and new machine system. The market still has space to operate obviously, but the most important consideration of a transport services provider is safety. So the most strength of Branson and <https://assignbuster.com/four-framework-approach-to-richard-branson/>

Virgin Atlantic has been improving its reputation especially in safety and on-time to get confidence of passengers.

Comparison of Richard Branson's corporate strategy decision

In the stage of setting up the strategies, Branson definitely understand the strategies of which are the ways in which strategy develops in organization.

Branson's Virgin Atlantic Airline Strategic Development

Command View and Culture View are highlighted by Virgin Atlantic

The culture view is that it occurs as the outcome of the taken-for-granted assumptions and behaviors in organizations.

(Johnson et al, 2005)

Branson founded Virgin Atlantic in 1984; in fact, Virgin Atlantic's success highly depends on the founder's principles to provide the highest quality "innovative service" at excellent value for money for all classes of air travelers. This principle created and established the culture of Virgin Atlantic, because all Virgin companies also maintain an entrepreneurial culture based on Branson's principle. There are four strategic developments have been found out and will be further described in following:

Strategy One: Differentiation

Branson also has another philosophy in his principle which is to be a pioneer rather than a follower of the leader. In order to reach this point, Virgin Atlantic must offer highest quality innovative service for its air travelers. Its innovative actions include:

1986, the 1st airline provided sleeper seats in upper class

1990, the 1st airline brought in the automatic defibrillators, & trained the staff to help in-flight cardiac arrest victims

The 1st airline installed individual TVs to all classes of passenger on the wide-bodied aircraft

2005, won the RFID Breakthrough ' Integration' Award since it is as a leader in RFID 2005

Virgin Atlantic applied RFID tag on the important parts that used in aircraft maintenance and repairs at Heathrow Airport warehouse, UK. The technological advancement is always the advantage taking for Virgin and the customers, said by Mark Butler, System Implementation Manager, Engineering Department, Virgin Atlantic (Tata Consultancy Services Limited, 2007).

Strategy Two: Jointing Alliance

Virgin Atlantic has jointed an alliance with many airlines until 2006 that providing better choice on where and when for its customers' flights, the member of that alliance includes Singapore Airline, Bmi British Midland, Continental Airline, South African Airways, US Airways, Virgin Blue and Air China. All above airlines also signed Codeshare Agreement, so the connections between partners' services become closer, customers could enjoy better service and value, such as checking customers and their luggage over to their final destination and synchronizing their schedules with Virgin Atlantic's partners. Turn out the customers of Virgin Atlantic could

enjoy the shortest possible connections between their services (Virgin Atlantic Airways, 2010).

The crises of 11th September, 2001 that affected the worldwide economy, Virgin Atlantic also got heavy losses in financial aspect. The alliance strategy was significantly assisted the recovery, because it reduced the investment and the accompanying inflexibility and risk during the uncertainties of operating in other countries (Aaker, 2005).

Strategy Three: Partnership

In 1999, Singapore Airline acquired 49% Virgin Atlantic stake that can reinforce to provide the highest quality innovative service at excellent value for money for all classes of air travellers. Singapore Airline is a unique global partner, this is a perfect collaboration since both two airlines have an incomparable reputation for quality and innovation, and have own numerous awards from the travel industry. According to the terms of the dealing, both two airlines' routes will not overlap each other and are uniquely complementary, also they keep independent managements, and the rights to develop their own products. This partnership action generated greater benefits to both companies' passengers, such as fare, access to lounges world-wide and an increasingly seamless travel experience across their airlines network (Virgin Atlantic Airways, 2010).

Japan Airline Strategic Development

In terms of strategic management, the major contrast between Virgin Atlantic and Japan Airline is, Japan Airline is the one managed by traditional state-run or government hierarchy, so its companies strategy was

established by country leader and the board, as same as or followed by the strategy of government, often the goal or the result is extremely unrealistic to the commercial. The gap occurs in between the top management board and the tactical managers which more strengthen the difficulties in implementation and lessen the competitiveness in international airline market. Moreover, Virgin Atlantic emphasizes on command view and culture view; in this session, Japan Airline emphasizes on planning view to develop its strategies.

In the planning view, strategic planning is to use a formal planning system for the development and implementation of the strategies related to mission and objectives of the organization.

(Lynch, 2000)

Japan Airline's Background

Japan Airline is a joint-venture company which was founded by one governmental company and two private companies, Japan Airline Company, Philippine Airlines and Northwest Airlines in 1951. Japanese Government bought the share from Northwest Airlines that led to Japan Airline totally transfer to Japanese Government. Nowadays, all decisions are made by the Board of Directors and their strategic development is mainly focused on strategic planning (Fundinguniverse, 2010).

Japan Airline's Planning Procedure

One of the Japan Airline's department, Corporate Planning & Information Technology Services is established in Japan Airline for responsible to suggest strategies for Japan Airline. After the seminar in 1987, this department

<https://assignbuster.com/four-framework-approach-to-richard-branson/>

suggested five corporate strategies for planning strategies and implementation, one of the strategies is about operational.

“ The Board of Directors and the management group suggest that it (the operational strategy) is now a matter of urgency that Japan Airline must speed up the development of the airline’s state enterprise plan in compliance with the policy and guidelines.”, Minister Shintaro Ishihara, Tokyo Conference, Nov 6, 1987. Then, Minister Ishihara grouped Japan Airline’s problems for Japan Airline’s management group to take actions (Sanchanta & Takahashi, 2010).

Although this company is now privatized, but used to be country-owned and running by Government long time, the country leaders provide comments and policies on commercial-based company. This manner had been intervened the flexibility of Japan Airline.

In 2006, Japan Airline’s Chairperson, Haruka Nishimatsu established three committees, Strategic Steering Committee, Project Management Committee and Task Force Committee to increase competitiveness and the value of shareholder (Sanchanta & Takahashi, 2010). Today, Japan Airline failed to be effectively competing with other airlines because of such time-consuming and not really flexible to implement in Japan Airline’s planning.

Conclusion

Leaders establish goals, assumptions, policies, strategies, and accepted norms of behavior. They usually recruit and promote managers who conform to their own values and expectations. While a leader’s influence is evident in

all organizations, it will apply more to small, highly centralized firms, or young, owner run businesses, and can increase with tenure.

In the addition, the most relevant contrasts between Virgin Atlantic and Japan Airline are: Virgin Atlantic emphasizes on culture and command view because of following the principle that provided by Branson that it is controlled by the company. Japan Airline emphasizes on planning view which is controlled by Government so almost every strategies development is produced follow the planning procedure to lead the company more systematic.

In theory it should not only focus on single view, but these two companies are only focused one or two views, that led some limitations in Virgin Atlantic and Japan Airline. For Virgin Atlantic, it is highly depends on the principles of Branson, he almost becomes the only one and unique person that can decide the future of Virgin Atlantic, includes stay in the market or shut down the business. Another side, for Japan Airline, it involves more procedures for making decision that could be enhances and smoothen the running for a company.

As mentioned, there is only Branson is the key person for Virgin Atlantic or the whole Virgin Group, for the future, Virgin Group is suggested to established a number of rules or methods to maintain and investigate the current saturation of its businesses or the new ventures.

After that, Branson is the most key person that affects all the things in Virgin Group, then is the staff, last is the customers.

Last but not least, whether success to run a business depends on the policy, economy, society and technology in the place where located or plan to locate the business. In the result, the leader should aware all Structural, Human Resource, Political, and Symbolic framework in mind for coping the political, social, economic and technology factors positively. So, the final suggestion is Richard Branson have to establish a committee to share and continue his great work.