

Leadership style of richard branson and steve jobs commerce essay



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This essay is required to conduct a better understanding of leadership styles (transactional and transformational leadership styles) from researching on Richard Branson and Steve Jobs' success, and discuss about different types of changes (incremental and radical changes) may occur in an organisation in order to learn change management methods can be applied to a real case (Virgin Group).

Although both of the excellent leaders exhibit characteristics of both transactional and transformational leadership styles, this essay will identify Steve Jobs as a transactional leader and Richard Branson as a transformational leader with three reasons for each statement.

Changes are inevitable for all kinds of organizations and business. This essay will share and identify six examples (incremental and radical) of changes for each leader (three examples each type).

At last, this essay will discuss the concepts of change management and explain Kotter's 8-Step Change Model by applying to a real case (Virgin Group).

Transactional Leadership VS Transformational Leadership

Good leadership is the key to the success of an organization. Transactional leadership is performance-oriented and transformational leadership is people-oriented. To be more specific, transactional leadership involves contingent reinforcement to monitor and justify followers' performances by using reward and punishment, while transformational leadership tends to inspire and motivate the followers' loyalty and concentration by leaders' charisma.

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Steve Jobs as Transactional Leader

Transactional leaders' characteristic behaviours are: (Barbuto, 2005)

Contingent Reward

Contingent reward is actually a usual way that most of the managers use to motivate teams, create positive competition and improve effectiveness.

Steve Jobs had the impressive ability to notice talent and active employees and allocate them to the right place within the company. Each year, Jobs took his "top 100" people on a retreat. It is not only a reward as a vacation, but also an acknowledgement from STEVE JOBS!

In my opinion, acknowledgements from successful genius would be the best reward for my hard working.

Management by exception

Transactional leaders take actions based on the exceptions (performance) of the employees. Steve Jobs categorised his followers as either "geniuses" or "bozos", and quickly firing those who fall in the latter camp (Greene-Blose, 2012).

Another characteristic of transactional leadership would be the desire for control which is typical Steve Jobs' style. His favourite presentation tools were a whiteboard and a Magic Marker, which gives him fully control in the conference. After his reinventing Apple, Jobs had several weeks of product review sessions. Finally he run out of patience and shouted the team to stop, grabbed a Magic Marker to the white board and wrote down four words:

Consumer, Pro., Desktop and Portable. Then he said:” Here is what we need!” (Isaacson, 2012)

This is Steve Jobs, full of power and passion, who gave clear incentives and strategies to his followers with his wisdom and visions.

Richard Branson as Transformational Leader

Transformational leaders’ characteristic behaviours are: (Barbuto, 2005)

Idealized influence

Richard Branson has become a role model for his followers inside or outside of his “ Virgin Empire” by his own passionate and fearless life style. With his own words, “ You want to create something you are proud of... That has always been my philosophy of business” (Branson), Richard Branson broke many world records such as the fastest recorded Atlantic crossing by boat, the first Atlantic crossing by hot-air balloon, etc. He proved that anything is possible to his followers and the rest of the world with real examples. (Ocker, 2008)

Inspiration motivation

Richard Branson is a visionary leader with dreams and relentless work attitude which make those dreams come true. At the early stage of Virgin Group business, he once said:” I want Virgin to be as well-known around the world as Coca-Cola”. (Branson) After decades of time, the brand of Virgin have become world well-known, and covers many different areas of business which Coca-Cola would not dare to try. Those kinds of ambitions and

courage ties his group together and close, and leads him to keep on improving Virgin Group services and productions.

Individualized consideration

Richard Branson's business maxim is staff first, customers second and shareholders third (Locke, 2009). One of his most famous and interesting story would be the lawsuit against British Airways for its protracted libel actions and ended with a settlement of about £600, 000 total. After Richard Branson got the money, he divided it to all his employees for their hard working.

On the other hand, the major reason of Richard Branson's business success is that he takes care of customers' needs with innovations and consideration, such as placing a rubber ducky in each bathroom of Virgin-owned hotels in order to make guests feel at home, putting Listening Posts in their record stores and allowing customers to listen to entire CDs before purchasing.

(Richard Branson Virgin)

In general, transformational leadership is considered more friendly and flexible way to organize a company, while transactional leadership is considered more tough and efficient. It is hard to say which one is better. All the good leaders all over the world (include the two above) have the characteristics of the both leadership styles., such as Steve Jobs' charismatic characteristics and spiritual motivating speech skills (Transformational), and Richard Branson' strict management ways on the lower level position in the organisation (Transactional). Transformational leadership does not replace

transactional leadership but improves the effectiveness of transactional leadership from a different angle. (Bernard, Bass, & Riggio, 2005)

Incremental Changes VS Radical Changes

Changes are inevitable in human lives as well as in business operations.

Incremental change takes place over a long time period for development purposes, while radical change is more often triggered by a crisis or a business opportunity.

There are several differences listed in the following table.

Incremental Changes

Radical Changes

Reasons

Business development

Expansion

Dealing with crisis

Seizing a significant business opportunity

Period

Long period of time

Short period of time

Examples

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Improvement

Such as TQM, new system implementation

Revolutionary changes

Such as restructuring, merger, take-over

Approaches types

May be small, slow, on-going

May be onetime events, quick

Respond and effect

Hardly noticed by the management level

Immediately adapt

May cause resistance to changes

Steve Jobs – Incremental Changes

Example1: Pixar

In 1986, Steve Jobs bought “ The Graphics Group” from Lucasfilm for \$10 millions, changed the name to “ Pixar” and started his career in animation manufacturing. With his visionary plans and technology support from his computer company NeXT, Pixar developed a software package called RenderMan (which has been widely accepted and used in filmmaking industry). RenderMan was implemented into the existing Pixar production line slowly. After ten years time, Pixar finally achieved an amazing success in <https://assignbuster.com/leadership-style-of-richard-branson-and-steve-jobs-commerce-essay/>

the animation filming industry. It kept producing a series of animation films, beginning with Toy Story (1995), which led Pixar's worth to over \$1.5 billion.

It took 10 years to implementing and perfecting the new software into production and transferring Steve Jobs' leadership style into Pixar's existing operation, and achieves a remarkable improvement at the end. This is an incremental change made by Steve Jobs.

Example2: Digital hub strategy

After Steve Jobs returning to Apple in 1997 as an "interim" CEO, he successfully brought Apple back to profitability with a amazing consumer desktop computer - iMac. By facing negative predictions about proclaiming PCS would disappear within a couple of years, Steve Jobs continuously led Apple to keep on perfecting "i" products with the meaning of "internet, individual, instruct, inform and inspire" as the same way Apple always do. (Steve Jobs' introductory 1998 iMac slide show)

In 2001, Steve Jobs unveiled the Digital Hub Strategy to the public and in the next 10 years time he kept on launching a series of new products which extremely changed and led the trade of the whole world. (Kurian, 2012)

There was an interesting event that Steve Jobs called himself as the "iCEO" of Apple instead of "interim" CEO humorously which entertained the public very much (Macworld San Francisco 2000). It was also a smart way to promoting "i" products while teasing with the board of Apple for rehiring him with the temporary executive position.

This huge successful change took 10 years to be accomplished followed by Steve Jobs' leadership piece by piece. It was a long period on-going process of implementing Jobs' wisdom into Apple Company.

Example3: Retirement from Apple

Steve Jobs was diagnosed with pancreatic cancer in 2003, but he kept on denying any serious problem. That is why everyone was surprised when Apple announced that Steve Jobs would not go on stage for the Macworld keynote in 2009, and he took six months off at the same year. Jobs finally resigned as CEO of Apple in 2011 but remained as the Chairman of the company's board, and he passed away after 6 weeks. (Kurian, 2012)

There may be some radical changes involved from restructuring purpose, but in general, Steve Jobs took care of his retirement carefully to avoid negative impact slowly for 3 years time. For instance, he distributed his responsibilities to other executives step by step, and before his final resign, he strongly recommended Tim Cook in written, that letter was released to the public lately. The whole process was carefully planned and implemented in a long time. In my opinion, it can be an incremental change.

Steve Jobs – Radical Changes

Example1: Macintosh VS Lisa

In the early 80s, Apple was creating a business-oriented computer named Lisa under Steve Jobs' supervising, but later after that, Steve Jobs thrown out of the Lisa project because of his bad temper. He was so angry and decided to take revenge by developing a small project called Macintosh in order to destroy the sales of Lisa. (Kurian, 2012)

It was a radical strategy. Macintosh had user-friendly interface (point-and-click) which inspired other computer manufacturers and changed the direction of computer industry since then, but it was not welcome to the market then. At that time, IBM's PC was more compatible with its cheaper price.

Because this action was taken rapidly without well planning and careful market researching, Macintosh project failed.

Example2: Staging a Coup

There was another revenge taken by Steve Jobs after his removal from Lisa project, he tried to stage a coup. As we all know, he failed again. (Kurian, 2012)

It was a restructuring plan, and he took actions rapidly. But without endorsement from Apple's board of directors and support from other colleagues, he got fired from his own company.

Example3: Reinventing Apple

By 1996, Apple rehired Steve Jobs as an "informal adviser to the CEO". At that time, Apple was keeping on losing money and Steve Jobs staged another coup. He succeeded this time and became an "interim" CEO in 1997. The first thing he had done after his promotion is cutting off the production lines and focused on four products. This effective decision brought the lost confidence back to the Apple community (Kurian, 2012). In the meantime, Jobs took other actions such as announcing a new slogan "Think Different"

and launched an amazing project which brought Apple's resurgence lately, the iMac. (Edwards, 2008)

Those actions and decisions above are radical changes (restructuring and redesigning the production processes). They were new strategies to the company for solving a financial crisis in a short time period.

Richard Branson – Incremental Changes

Example1: Virgin Atlantic

There are some unique features Virgin Atlantic has while other airways may not have can be considered as incremental changes. Such as, serving a cup of ice cream while passengers watching movies during travelling in order to provide a better service. Virgin Atlantic does not provide meals for short distance flight in order to reduce ticket price. This kind of services is provided for improving quality of service.

Example2: Virgin Group

Because Richard Branson received a lot of support from his family and friends during hi early period of business stage (borrowed money from his auntie and supported by John Lennon), the whole Virgin Group services can be considered as a long term process for implementing Richard Branson's plan of giving back to the society and helping those people who has ambitious but doesn't have opportunities. Such as, Virgin Money provides a set of formalised documentations help people who need loans.

Example3: Eco-friendly efforts

In 2007, Richard Branson launched Virgin Earth Challenge dedicating in to environmental issues. He made several decisions that supervised the whole world, such as a \$25 millions prize for inventors who comes up with a viable solution for scrubbing carbon gases from atmosphere. He also pledged to reinvest all profits from Virgin transportation business over the decade into developing ecologically benign fuels.

This kind of actions may not affect other Virgin companies, but it will improve Virgin Group's reputation, it is also a long time period project.

Richard Branson – Radical Changes

Example1: Virgin Records Shop

At the beginning, Richard Branson started his records business as mail ordering company in London, and it went well. After a postal strike, the mail order business was crippled. Richard Branson was forced to seek new outlets and he opened his first retail store in Oxford Street in 1971.

This was a strategy for dealing with a crisis situation, and operated immediately. It changed Virgin Record's business process and structure.

Example2: Selling Virgin Music Group

Selling Virgin Music probably would be the hardest decision Richard Branson has made in his whole lifetime. This decision was made in order to get money to take Virgin Atlantic back into private ownership. (Vinnedge, 2009)

This change was forced by a financial crisis and included restructuring process.

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Example3: Closing Virgin Money U. S.

Richard Branson launched a loan servicing company called Virgin Money U. S. in America in 2007, and began its withdrawal after 2 years (Lepro, 2010). Its social loans were transferred to Graystone Solutions. This time, Richard Branson misjudged the market and had to make the decision in order to limit the damage. Other reasons of this collapse might be the bad economy and different culture in America. This change included restructuring and take-over in a short time.

Change Management in Virgin Group

Story

In 2007, Virgin Group announced the completion of its biggest challenge which brought over 10 million customers and 13, 000 employees - merger of NTL, Telewest and Virgin Mobile under the Virgin Media brand. It is known as the largest Virgin Company in the world.

This operation took more than two years to complete the merger, and Virgin Group handled it carefully, especially on employees' resistance.

Reasons of employees' resistance to this change

Fear

Mostly, employees' fear comes from uncertainty about their career: whether they are going to loss their job, will they fit the new way or follow the new process probably?

No faith in new process

Comfort & personal preference

Lack of knowledge

Lack of trust

Strategies for overcoming barriers to changes

Involving employees during the managing changes

Establishing clear processes and procedures

Establishing Clear Strategies

Effective Communication with Employees

Efficient Leadership

Application Kotter's Change Model

Conclusion