

# Analysing the leadership of virgin group business essay



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In the past 20 years Richard Branson had extended his Virgin brand from one business of a magazine called student to distinct businesses like airline, trains, mobile phone, broadband, cola, bridal wear, financial services, retail chain, jeans, cars, and books. Branson started with a magazine with name of Student when he was 16 years age in January 1968. He was successful in selling its 50, 000 copies at that time. (virgin, 2011) Later he quite the study and make it a fulltime job. In 1970 he started a mail-order company with name of Virgin that was name which now grow today in a big business empire.

Virgin now a day is fast expanding business in world in many sectors from airline to broadband services. It is considered as world's most respected and leading brand. Sir Richard Branson started what started in 1970 it is now a success empire of multi-businesses. It is dealing with 300 brands, more than 50000 employees and 11. 5 Billion Pounds business currently. (virgin, 2011) In this study we are going to see how things are being managed at leadership levels by Richard Branson and his team for virgin group and how it is leading towards success of business. This report focuses on finding such theories, models of leadership that can be learned from virgin to put these for success of other organizations we will also find how Sir Richard Branson is dealing his own way to this group and how he is making progress in his business.

In this study we will see the progress made by Virgin and later we will make analysis of approach adopt by Virgin and other in same industry. We will also look at Sir Richard Branson leadership style and will try to find some suggestion of improvement for Virgin in future times at end of our study.

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## **Virgin Success Model**

Virgin under Sir Richard Branson claims that they are difference maker in the world. For that they are trying to innovation in their ways to get higher in competitive advantages and in their diversity. They introduce virgin as a brand that stands for quality, innovation, competitive challenge, fun and value for customers' money. They have good research and analysis system that help them in starting anything new. They claim that they put same shoe of customers to walk on the street of purchasing and utilizing things before going into a start. (Bartholomeusz, 2011) They work as trend setter in the market rather than being just followers.

They deeply focus on their competitors approach and then develop a strategy that comes with better results. They make sure they are adding some values to any brand. They focus on risk and rewards. They are very much selective and careful in appointing their staff and management team. They even for Human resources went into joint-ventures with other companies to get maximum inputs and knowledge from skilled market.

They have diverse approach with diversity in their products and services with bunch of variety in it. They are very much concern about their market and ways into that market. All this is lead by Sir Richard Branson. The power of virgin is hiding with leadership style of Richard Branson who is good in his ways and style. His reputation, network, partners and management brought him to this level as it mentioned on their by company itself. They got rid of bureaucratic ways of management and replaced it with competent self motivated management that is capable of dealing with situation their selves

most the times instead looking for directions upwards every time as it is in <https://assignbuster.com/analysing-the-leadership-of-virgin-group-business-essay/>

every bureaucratic structure. They work as team as family even within their businesses and within the group of this brand ' virgin'. There are some time certain problems for that their system provides a solution based leadership and at the top is Richard himself working like a good skilled leader and manager. Everything they try is customer feedback based and makes right guidelines for them every time when they miss something.

Here is list of business under this group (virgin, 2011) :-

Virgin Atlantic Airways, hello Gorgeous

Virgin Blue (airline with its name as Virgin Blue, Virgin America, V Australia)

Virgin Holidays ( Virgin Holidays + Hip Hotels, Virgin Holidays Cruises, Virgin Limited Edition, Virgin Vacations, Blue Holidays)

Lifestyle (Virgin Active UK)

Virgin Wines (Australia)

Virgin Active (Australia, Italia, Portugal, South Africa, Spain)

Virgin Experience Days

Virgin Racing

Virgin Trophy

Virgin Mobile (Australia, Canada, France, India, Qtel's, South Africa, UK and USA)

Virgin Media

Virgin Produced

Virgin Money ( UK, Australia, South Africa, Money Giving)

Virgin Earth Challenge

Virgin Green Fund

Virgin Unite (NGO)

Virgin Megastore (music and entertainment)

Virgin Radio International

Virgin Festivals

We can see how diverse market virgin have to deal under leadership of Richard Branson. This kind of divers, spread and wide business required higher levels of leadership with commitments to deal with it effectively that Richard is doing over the years.

Leadership in any Organization has some specific focal point on administrative leadership as whole in that organization and it tries to fill the gap of academic management theoretical study and its practical implication on bases of real life situations.

Here we will find what kind of approaches, theories and models are in practice with in leadership concept in business world.

There are numbers of models and theories in leadership study, here are some of these mentioned under (associates, 2011) :-

Appreciative Inquiry

Attributes of Management Excellence

Attribution Theory

Bases of Social Power

Beyond Budgeting

Centralization and Decentralization

Change Approaches

Change Behaviour

Change Equation

Change Management

Change Phases

Changing Organization Cultures

Charismatic Leadership

Coaching

Competing Values Framework

Contingency Theory

Core Group Theory

Crisis Management

Cultural Dimensions

Cultural Intelligence

Culture Levels

Dimensions of Change

Dimensions of Relational Work

Emotional Intelligence

EPIC ADVISERS

ERG Theory

Expectancy Theory

Five Disciplines

Force Field Analysis

Forget Borrow Learn

Framing

Functional Leadership

Groupthink

Growth Phases

Hagberg Model of Personal Power

Hierarchy of Needs

Inspirational Leadership

Instrumental Approach of Stakeholder Theory

Intrinsic Stakeholder Commitment

Leadership Continuum

Leadership Pipeline

Leadership Styles

Leadership Styles

Level 5 Leadership

Leveraged Buy-out

Levers of Control

Management Buy-out

Management by Objectives

Managerial Grid



Managing for Value

Mentoring

Moral Purpose

Normative Approach of Stakeholder Theory

OODA Loop

Organizational Configurations

Organization Chart

PAEI management roles

Parenting Advantage

Parenting Styles

Participative Leadership

Path-Goal

Performance Prism

Portfolio Analysis

POSDCORB

Positive Deviance

RACI (RASCI)

Result Oriented Management

Results-Based Leadership

SECI model

Servant-Leadership

Seven Habits

Seven Signs Of Ethical Collapse

Seven Surprises

Situational Leadership

SMART

Social Intelligence

Spiral Dynamics

Stakeholder Value Perspective

Strategic Intent

Strategic Stakeholder Management

Hence we will look some good models and theories among all above for that we select three which are more comprehensive in their approach.

## **Part One (a)**

### **1: Theory of Needs by David McClelland**

The human motivation is comprises of three main needs:

1 need for achievement

2 need for power

3 need for affiliation.

This theory of needs was given by American psychologist David McClelland based on work of Henry Murray that was done in 1938. In 1961 he stated that “ the motivation of an individual can result from three dominant needs: the Need for Achievement, Power and Affiliation.” (Pattanayak, 2005)

Every person wants to achieve certain goals in his or her life that are very important to that person in the life. Some time they look for success and positive feedback from others. They look to widen themselves and to avoid risks situations. They mostly try to avoid low-risk because they want to attained success easily. While in some high-risk projects all achievers look the outcome as chance not the as a result for their efforts. They love to work their selves alone or some time with some other person with high achievements.

McClelland believes about these people that those are always the best leaders with some tendency of higher demands from their staff. They are result driven in their approach. They seek higher personal relations and look for acceptance from others. They also tend look same kind of norms from

their work group. They struggle to create and maintain relationships with higher level of trust and good mutual understanding. They always prefer cooperation on competition. According to McClelland they perform in customer service and dealing clients very well.

McClelland's this concept is also take as Acquired Needs Theory, the Learned Needs Theory, and Three Needs Theory.

## **2: Management by Objectives: – (SMART) by Drucker**

In this theory main focus is on defining main objectives for organisation's employees and later directing their performance according to these objectives. Peter Drucker presents it in his work ' The practice of Management' as " Management by Objectives" in 1954. (Hurd, 2008)

Management by objectives relies on focusing and defining the objectives for every employee and making their performance according to these objectives. The major aim is to increase performance in the organization through matching organization's goals and employee's goals. Employees are given main identity and acknowledgement in this system. Purpose is to involve evry one in the organisation rather than focusing and giving importance to top managers. This way all mangers start from their levels and they later contribute on top level in planning and implementations.

Principles of MBO:-

1 flow of organization's goals and objectives

2 Specific objectives for every member

3 Participation in decision making

4 Explicit time period

5 timely performance evaluations with proper feedback.

Management by Objectives is having a method for development called SMART method this SAMRT is taken from

\* Specific

\* Measurable

\* Achievable

\* Realistic

And

\* Time-related.

This method of checking MOB is effective to keep organisation and staff on right direction always.

### **3 Centralization and Decentralization**

By changing the ways of decision making at authority levels and by corresponding organization's structure effectively higher goals can be achieved. All organizations have to make many strategic and many of the operational decisions. The question is who makes these decisions and at what level. In normal bureaucratic structure decision are always made by top management. Thus this system holds the time and makes slow of process

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and sometimes delays the required decisions. This is called centralisation and in Decentralisations thing is decided at implementations level other than any change required in policy which is changed at top management levels this makes things done in swift way. (Pride, 2009) Thus

Centralization “ is process of transferring and passing on decision making authority at higher levels of hierarchy in organization.”

In a centralized organization decision are made at higher levels.

Most the knowledge and information about organisation lie at top levels and are shared according o need at lower level.

Decentralization,” is process of transferring and passing on decision making authority at levels of hierarchy in organisation.”

In a decentralized organization decision are made at lower levels and they are informed to higher levels for records.

Most the knowledge and information about organisation lie at lower levels and are shared according to need at top level also direction are taken when those are required.

## **Part one (b)**

### **Implementation of models at Virgin and others**

Branson believed in the best communication through setting an example by the leadership. Staffs need to have a role model whom they can follow.

Branson being a reel from traditional management structure and systems

adopted a diverse approach that compromising all three models mentioned in our study previously.

We will look into these at virgin by Branson and at other businesses in same industry like Sir Terry Leahy ways in managing of Tesco and Keith Rupert Murdoch of sky group one by one.

## **Theory of Needs**

As mentioned above this theory is based on three main needs of need for achievement, need for power and need for affiliation.

Richard Branson as young man was searching for all these and thus he focused on achieving these targets as soon as possible. For that purpose he started his magazine student. With early sales he generated lots of business and set virgin company. Later years he expanded it in diverse business, looking for these set targets of needs. He also made his company according to this principal of human needs and set a trusted mechanism for every employee in virgin business.

As mentioned by David McClelland he creates a higher level of the motivation for an individual in his organisation to bring results from the satisfaction of these three dominant needs: the Need for Achievement, Power and Affiliation." He knows well that every person wants to achieve certain goals in his or her life that those are very important to them. That also need support from organisation to give room to everyone to show capabilities and get rewards, that's what virgin follows as a strategy in their businesses. He like McClelland believes that people have great capabilities if

they are given proper training and chance to put their efforts in it. That is resin virgin have this kind of set up that supports these basics.

On other hand if we see the TESCO and Sky they have different approach their business than what Richard brought to Virgin. (Telegraph, 2011) They have more tight control over things their corporate ways are not fit into need based theory but they have adopted some other ways to groom their corporate business. That reason that TESCO and Sky look more tight business in their terms and they sometime re hit by losses. When staff don't feels part of being into teams and they feel just as working brains and hands unlike the people who work at Virgin who look the Virgin as their life part due to its benefits that it is giving to them.

## **2: Management by Objectives**

At virgin this model is followed completely as organisation focuses on its objectives and makes employees get their targets set accordingly. They have to adjust things both way first company tries to accommodate employee's objective and makes such corporate strategy that helps staff in achievement of their objective s and policies are supportive to employees in their growth. While employees are also expected to go with the broader objective s of company and be loyal to the company objective.

It is in many studies that virgin having higher level of such loyalty from staff. Virgin ensures that there is enough support for employee's identity and acknowledgement in their system. Purpose is to involve everyone in the organisation rather than focusing and giving importance to top managers.



This way all managers start from their levels and they later contribute on top level in planning and implementations.

Virgin follows all principles of MBO like flow of organization's goals and objectives at all levels is ensured, there is set of specific objectives for every member, there is higher level of participation in decision making by staff, There is certain time span for targets and everything is based on time and feedbacks.

Virgin also makes policies and targets based on SMART approach. Making all targets and objectives Specific, Measurable, Achievable, Realistic and Time-related.

If we compare this with TESCO and Sky they also have this approach in their business and they try to keep them on this way of management by objectives. (mandmgloba, 2011) All three companies are doing well on it but it is fact that the way Virgin is following this rule is different from others two and they are doing remarkably well in their performance compare to others two. Other two have huge investments supports but still if we compare the returns over investments Virgin is making ahead. While this approach of Management by objective is adopted by all these mega businesses in their strategy of dealing things in their business.

### **3 Centralization and Decentralization**

There is beautiful balance of centralisation and decentralisation at Virgins Group this was attained through by changing their ways of decision making at authority levels and by corresponding organization's structure effectively higher goals can be achieved. All decisions are made according to need and <https://assignbuster.com/analysing-the-leadership-of-virgin-group-business-essay/>

capacities. There is more freedom at lower levels in Virgin as Virgin leadership believes in human potential. Thus they avoid unnecessary delays in decision at implementation levels. On the other hand the concept of centralisation in TESCO (Hiscott, 2010) and at Sky is more tight than Virgin. Their decentralisation approach is some time affected by the ways of decentralisation for short times. They were failing to develop such kind of trust over their managers that the staffs of Virgin enjoy. The team building and degree of freedom for performance according to your skills is very high at Virgins comparing to TESCO and Sky. Both are facing good competition in their related product and services with Virgins. As three of them are into media, mobile industry and service providing in different sectors.

## Part Two

### **Sir Richard Branson leadership style.**

If we deeply study the style of Mr Branson he is a dynamic leader that always looks higher towards major goals in life. For that he adopts couple methods like

Theory of needs, MOB and balanced centralisation and decentralisation. He more focuses on brand value of his company. He has very simple ways of living, he believes in enjoying life and sharing it with others. He is man of his own choices he choose what he liked instead of looking into his background on that business and he made success. He always bucking his team on different occasions as he wants them feels that he is with them in all matters. He has developed a culture at Virgins that cannot be found in many organisations. All employees of Virgin are invited to show and perform their

capabilities. He is innovative person with many qualities of leadership in business that reason his company is expanding over the years. HE has invested his own rule for all this and put all his efforts as success that way. He is able to identify many hurdles and made much better than his compotators. He has given his employees great independence in work as he also welcomed them for fast promotions over the time. He has idea that anyone can took over the top in his company if they show such kind of commitments.

Virgin's all success in days of 1970s and 1980s is result of Branson's unusual way and management style that was corner stone on all this business and his corporate norms were different form the system that was existing at that time. He stopped wearing traditional businessmen suit and tie instead he use to wear a sweater and slacks. He uses technologies effectively compare to other and enjoy his holidays and dealing everything on phone, fax and internet. He gives his subordinates more freedom to work their tasks. He believes everyone wants to deal with top person so he provides his managers to deal with him directly. He gives his staff high performance incentives and he relies on his team. He also adopted a technique through which he have divided his company tasks into multi unit operations. His companies are connected with each other very well and some time supports each other.

Most important is that he always encouraged to his employees go and do some innovation and take more risks instead of being in fear with failure risks. He is famous for his risk taking ability and habit. He normally

emphasise on the importance that a service should bring for customers for <https://assignbuster.com/analysing-the-leadership-of-virgin-group-business-essay/>

the value of their money. He is skilled with troubleshooting and making new projects. His motto is to create such companies only in which he himself believes.

Part Three

## **Proposals for development**

Virgin group have their own ways of developing people it is the best way for them to carry things as Mr Branson himself was doing. As he can himself aware fully that every individual unlike his educational background have such capabilities that can make businesses grow remarkably. There should be a system of skill promotion based on theory of needs for the staff. It should more focus on hidden capabilities of people who are working in Virgin and those are trying to attain higher professional success though their hidden skills. There should be culture of responsibility in the company where people do feel their own responsibility instead of every time supervisors are making them to perform their duty. This thing can be brought when people feel trust by the supervisors to make decisions and do things on their own within certain limited that is secure.

The group is already doing well by providing people innovative ways to show their skills while they are working with the company. There should be continue system of need based development and a balanced central and de-central approach. Things for Virgin unlike other business are very much bright as they have diversity if businesses.

As Branson believed in aligning his company HR department with the values of company he is more conscious about his brand value. He also makes <https://assignbuster.com/analysing-the-leadership-of-virgin-group-business-essay/>

smart decisions when picking people for any task as if they have same bend of mind that is company value it would be easier for them to do best in their job.

Virgin has a diverse approach so they don't have any set traits for any person to become employee at Virgins. However they use to select people who are ready to take responsibility in their own and can work hard. Main focus they always have is aligning with customers need and wants. Thus company has created its value in the business and market and made his brand as symbol of success and trust.