

The company and philosophy of virgin



**ASSIGN
BUSTER**

Introduction

Richard Branson

“ My interest in life comes from setting myself huge, apparently unachievable challenges and trying to rise above them.”

This is where it all began, Richard Branson, best known for his Virgin Group is of over 400 companies. Born in July 18, 1950; destined to become one of the best known British entrepreneurs. Beginning at the age of 16 with his first successful business venture; publishing ‘ Student’ magazine, beginning his string of successes. Richard Branson is now the 212th richest person in the world.

Estimated a net worth of approximately 4 Billion a dollars; honoured for his degree of Doctor of Technology, knighted for his services to entrepreneurship, becoming on the greatest British citizen and most influential people in the world by BBC and Time Magazine. Being an adventurer Branson is, he never hesitates to take risks and experiment with new ventures, now one of the most recognized brands in the world.

The Company & Philosophy

“ Try new things, branch out, and when you can’t find success with one venture, you simply move on to the next”

Sir Richard Branson’s philosophy above simply puts Virgin Group into prospective. The Virgin group was founded by Sir Richard Charles Nicholas Branson in 1970; started one of his many entrepreneurial ventures at the age of 16, when he started a magazine titled ‘ Student ‘ in 1968. Later in

1970, Richard launched a mail order record company called Virgin, which was also a success, and soon after a chain of Virgin record stores followed. In 1973, Branson entered into the music recording business and went on to sign artists such as the Rolling Stones.

However, that did not satisfy Branson's entrepreneurial quest and he was looking for opportunities to diversify his business. Hence, in 1984 he ventured into the airline industry with Virgin Atlantic, which went on to become the second largest airline in Britain. The Virgin group then continued to expand with the launch of Virgin Publishing, Virgin Radio, Virgin Cola, Virgin Direct and Virgin Rail. Nevertheless, the Virgin Group was not always free of failures. One major setback for Virgin was the acquisition of Virgin Records by EMI in 1992. The other road bumps for Virgin were duds like Virgin Cola, Virgin Vodka, Virgin Cinemas, Virgin Cars and Virgin Cosmetics that were not very successful ventures sign of a true entrepreneur. But that does not mean that Virgin gives quantity more priority over quality. Every business venture is carefully calculated and analyzed keeping in mind the market demand, customer needs and innovation of products and services.

Today, Virgin group is a leading branded venture capital organization and consists of more than 300 companies worldwide with products and services ranging from music, telecommunications, beverages, airlines, media and finance.

The growth strategy of Virgin Group is based on the concept of licensing and franchising the Virgin brand name and being involved in the establishment of the ventures from scratch rather than acquiring and buying out existing

businesses. The Virgin Brand is ever expanding and diversifying and Branson always encourages innovation and the wide range of products and services offered under the Virgin brand name exemplifies that. In the future years the strategic plan of Virgin is to launch two more ventures: Virgin Fuel (Cheaper, more efficient & eco-friendly fuel), Virgin Galactic (Suborbital Space flights; which are set to revolutionize the business world).

Brief Timeline

1970 With the success of Virgin Records, Virgin Group was founded, a catalyst for this creation.

1999 Virgin Atlantic was developed, a British train service.

2002 Virgin entered the mobile phone business, Virgin Mobile, opening similar mobile ventures in Britain, Australia, Singapore, Hong Kong and South Korea.

2004 The independent charitable arm of the Virgin Group was established as Virgin Unite.

2005 Virgin Comics launched.

2006 Virgin Holidays established with a very eco friendly view by using all its profits in research and development of sustainable sources of energy.

2008 Virgin Radio rebranded.

2009 Virgin Group launches ' Digital Help Company' in New York and in the UK.

2010 Unveiling of Virgin Gaming, an online destination for competitive console gamers.

2011+ Virgin Fuel & Virgin Galactic

Sectors that Virgin Group diversifies into:

The Virgin group has been diversifying for a long time now. The company is occupied in different types of sectors and currently has around 240 or even more corporations. Richard Branson also ventured into the wildest sectors- Virgin Space Port. The diagram below lists the various sectors that the Virgin Group is diversified into: C: UsersalwardiDesktopVMS. jpg

Why we chose this particular business over others?

Virgin Megastores are known worldwide about its products and services. Every time you pass by the store you are curious much to know if they have any new products. At times you get surprised by seeing some movies and music albums that are yet to be released in America.

Virgin mega store is a place where you can go for everything that involves entertainment. It has a sense of youth in the store; that awakens the young sprit. As for the staff are mostly youngsters. Virgin gives them the opportunity and flexibility to cope between work and studies. This gives a good reflection about Virgin brand.

There products varies from educational to entertainment. It used to be only entertainment but after diversification; it serves all ages.

When you approach any Virgin employee and ask them about any specific product they would be very confident and explain everything. In addition; other information that concerns the past and current status of the products.

Advantages and Disadvantages of such a Business

Each and every business has its own advantages and disadvantages. Each and every department has its own ways. Thus, every department differs. In general these are the advantages and disadvantages:

Advantages

Virgin Megastores Bahrain have a no competition with other brands. As it's the only one in the country that sells everything that you require from a pencil to a laptop. There is nothing like virgin in Bahrain; when you enter searching for something you can easily find it. When you compare the Middle East and United States of America there is a major difference. Over there are other companies and stores that offer the same type of business but the middle east Virgin Megastores is one of a kind; and the first.

Disadvantages

However, the use of internet these days has increased significantly; and copying of the original music and movies too. As Virgin Megastores has a wide range of music CD's and movies; the sales are reduced due to piracy; illegally downloading materials from the internet. So consumer view why should I buy something that I can get easily free. Thus, causing a major loss to Companies like virgin. To add on, Virgin Megastores are diversified into many departments example: music, movies, books, etc. This causes some

complications; that your focus is not only on one thing but several things at the same time.

Leadership

Leadership can be defined as the art of influencing other people to achieve the company's goals and objectives in a way to make it more consistent and cohesive. (Hubpages, 2010)

Leading people in the right path processes leadership in order to accomplish a common goal. Leadership ensures that the organization works successfully in accomplishing its desired goals. Good managers are characterized by their leadership skills and experience for the aim in getting high performed and well organized company. They are the backbone of the company to maximize their productivity at the same time create harmony between employees which results to better outcome and efficiency. Only leaders have the ability to encourage their employees to work efficiently toward achieving the company's best interest. (WIR, 2010)

Types of leadership

Leadership style is the method and approach used by leaders to achieve objectives, provide direction and motivates people when working with others. It is the manner in which leaders interact with their subordinates. Given below are the different ways leadership styles have been defined:

Transactional Leaders: this type of leadership involves a process of exchange between the leader and the follower (subordinate). The leader tends to obtain compliance on one hand by offering incentive on performance and on

the other hand, by offering threats or punishment for bad performance and non-compliance.

Transformational leaders: this type of leadership style is more visionary and inspirational in approach. The leaders here have a tendency to provoke intense emotion and communicate a clear and acceptable vision and goals with which the subordinates can easily identify.

Autocratic leaders: here, the leaders are the decision makers and have total authority. This type of leadership style is used for employees that require close supervision to perform certain tasks. (Lewin, Lippitt & White, 1939)

Democratic leaders: this type of leader always listens to his team's ideas and analysis them, but he/she will make the final decision. Here the team players contribute to the final decision making and therefore, employee satisfaction increases. (Lewin, Lippitt & White, 1939)

Laissez-faire leader: this type of leadership provides no continuous supervision, as the employees are highly experienced and do not require much supervision.

Leadership at Virgin:-

The person who made Virgin Group an outstanding business empire by changing and diversifying the business from a magazine to a range of companies at the present time is one of the world's most effective leader and risk taker Mr. Richard Branson. This effective leader now owns 360 companies worldwide, which operate, now in eight different sectors, from music to transportation, media, travel, etc. (AUV, 2010).

There are many effective methods used by Mr. Richard Branson in conditions of leading his employees. Mr Richard Branson has all the features every good leader as he adopts his own personal style of management. He maintained a very good relationship with the media, as he was known for his charisma. His leadership power motivated his employees as he supported them by financial incentives. Apart from the financial incentives given to his employees, he has his own way of motivating his employees by sharing with them stories of how he succeeded in life and shares his enthusiasm to help others by establishing various non-profit organizations in order to support young entrepreneurs.

His introduction of new green technologies in the business was one of his major investments towards the safety and health of the environment; made his leadership strategies different from others (VSD. 2010)

Richard Branson follows both the democratic as well as the Laissez-faire leadership style, as his employees are involved in decision making indicating the decentralization technique used by him allowing his employees to participate in leadership. Applying his supportive leadership style where he loom his employees to become friendly and caring. His employees are allowed to have an open communication with the top-level management without any restrictions. (Hill. McShane, 2008)

Richard Branson leadership approach has resulted to a significant achievement for the virgin group. Branson had been demonstrated conceivably enhanced than any other investor for the past thirty years worldwide. (BAG, 2010)

Strategies of the Virgin Group:

Virgin group played a very important role in Mr. Richard Branson's life; it not only transformed the company, but also transformed himself as known now to be a person who is willing to take risk at any time and a daring man.

According to him, no was never the right answer now was it a solution. With the help of the strategies he had adopted, every opportunity, which came knocking on his door, was accepted. Not all of the strategies used by Mr Branson to diversify the company were successful; the strategies had their pros and cons. below are few strategies that are applied in virgin group in general regardless to the various sectors they are diversified into:

Since the word " NO" is one of Branson's favorite words, the company uses ' Risk Management' as their core strategy to capture any idea. Risk management is the method used by the company to manage and control risks and threats that comes to their way. The philosophy used by the virgin group is by separating the risks into various segments so that if any loss occurs, the whole group will not go down at once. At any crises point, this approach guarantees' the company that only a tiny proportion of the company is affected.

The virgin group also applied the Unrelated Diversification strategy. As seen today, Mr. Branson has expanded his company, diversified it and also invested money in different sectors yet, still uses the same brand name. He moved from sectors like Virgin Airlines to Virgin travel and tourism, Virgin Media and Virgin Cola. There are about 200 companies carrying the Brand name ' virgin'. (VGA, 2010)

Virgin stores are known for their lenient administration towards their employees. Decentralization is one of the strategies' used by the company. Here the decision-making authority is transferred to the subordinates. Virgin group is a semi formal organization and work together as a big happy family. Here, the staff are empowered with many rights and responsibilities and are considered the strength of the company. Flow of information is very flexible and smooth so as the management (Pravab, 2010)

Corporate social responsibility, a new strategy applied to the virgin group that emerges them to move towards social responsibility and to invest money towards a safe and healthy environment for the costumers. The Virgin Green fund project was created and invested into various sectors such as resource efficiency and renewable energy. (VSD, 2010)

Employee motivation

What is motivation? Motivation is the combination of forces that moves individuals to take certain actions and avoid others in pursuit of individual objectives. Motivation is the reason or reasons for getting involved in certain behaviour, especially human behaviour.

There are many theories of motivation but to concentrate more on Virgin Megastores; they follow McGregor's Assumptions which are divided into two groups Theory X and Theory Y. The two groups are completely different from each other. As for Virgin Megastores they go with Theory Y which is a really positive way to interact with employees. A short definition of Theory Y is that; Managerial assumption that employees enjoy meaningful work, are naturally committed to certain goals, are capable of creativity, and seek out

responsibility under the right conditions. The assumptions behind theory Y emphasize growth and self-direction. Theory Y oriented managers seek to motivate employees through intrinsic rewards. As for Theory X; managerial assumption that employees are irresponsible, are unambitious, and dislike work and that managers must use force, control, or threats to motivate them. The assumptions behind Theory X emphasize authority.

The evidence that proves that Virgin Megastores follow Theory Y; is that when you enter the store you can see one of the staff members heading towards you and asking you if you need any assistance. Managers at Virgin motivate them psychologically; by different means. They give them the freedom to dress up in their own way as if they were going to a mall with friends and not in formal suits. In addition, all of virgin Megastores employees are in their 20's and are youth. The managers have asked them to be themselves when coming to virgin full of youth sprit that catches customer attention. Competitions between employees are also done so that they love their work more and have more personal achievements.

If any complications happen they highlight the mistakes personally to the employee and show them the correct way on t overcome these problems.

What type of Company is Virgin Mega Store?

It is a Private limited business.

What is the difference between a limited and unlimited business?

Limited company:

A limited company can be defined as a business that has been registered in such a manner to ensure its owners to have limited liability. The owners would lose the value of their investment if company declares bankruptcy (farlex financial dictionary, 2010)

<http://financial-dictionary.thefreedictionary.com/Limited+Company>

Unlimited company

An unlimited company is company; were the liabilities of the shareholders are not limited. The owners have unlimited obligations to meet any insufficiency in the assets of the company in the event of any bankruptcy. (Wikipedia, 2011)

http://en.wikipedia.org/wiki/Unlimited_company

Public company

A public company is a company that had issued securities all through an offering and which is traded in an open market. (webfinance, 2010)

http://www.investorwords.com/3932/public_company.html

Private limited

Private limited company is a company whose shares cannot be traded in the stock market. It can only pass to another person with the shareholder's agreement. (Longman Dictionary of Contemporary English)

MARKETING STRATEGY

Theory

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A marketing strategy can be defined in financial terms as the process of allowing an organization to concentrate its limited resources on the major opportunities to increase sales and attain sustainable development and competitive advantage. The main concept of marketing strategy is consumer satisfaction. It serves as the foundation of the marketing plan. (Wikipedia, 2001-2006) .

It is most effective when it becomes an integral part of the corporate strategy; as it clearly defines how the organization will successfully engage costumers, prospects and competitors in the marketing field. The key component of the marketing strategy is to keep a line with the company's overarching mission statements.

Marketing strategies in virgin group:

After a research done on Virgin group, Bahrain; the sales manager of virgin megastore, Mr. Kevin Koswette stated that virgin group as known now has diversified into various sectors and have around 240 companies'. It is very difficult for the company to pay attention to its marketing strategies, as each sector is different from the other. The companies pay the virgin group to market their products; for example: Yamaha musical instruments are sold in virgin megastores as well as Arsenal sports club items. The marketing strategy of each product/service differs from the other as they are from various sectors that the company is diversifies into. For example: marketing strategy for Virgin music cannot be applied to the marketing strategy of virgin airlines.

Recommendations:

We have noticed that Virgin group involves its employees into their decision making which leads to decentralization of authority in the organization; in our opinion, high decentralization may also lead to loss of authority in the company and may also result to confidential leakage.

The leniency in the workforce allows employees to dress up informally as they have the freedom to style their hair inappropriately that may influence youngsters' who consider them as role models. Also it may not be acceptable socially in the community.

We also noticed in our research about the company, that Mr. Richard Branson- the leader behind this company is a man with great charisma and loves the media exposure. In our opinion, the media exposure can cause negative impacts like scandals and false information about his personal life as well as the company.

The flexibility in the workforce, friendly relationship and kindness of the leader- Mr Branson with his employees may result to dishonesty in the workforce; and employees' might take advantage of this leniency in terms of achieving their objective.

Findings of the project

To get information about all the required details we had an interview with Mr. Kevin Koswatte, who is the Manager at Virgin Megastores Bahrain. Here are the questions:

Questions

In your opinion; what are the advantages and disadvantages of this type of business?

What type of leadership style do you follow?

What are the techniques used to motivate your staff?

Is it limited or unlimited? Private or Public?

Can you explain to us the marketing strategies followed by the company? Is it effective or not?