

# The history and success of richard branson



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BUSTER**

Your assignment requires you to identify an entrepreneur of your choice in this case Richard Branson. The assignment provides a profile brief of the person Richard Branson you have selected to study as an entrepreneur and explain why you have selected him in this case as my choice of study.

Using concepts and models learn from module BUS 6360, explain why your choice of person can be classed as an entrepreneur.

Critically evaluate what you feel has been the entrepreneurial strategy that your chosen subject has deployed to achieve recognition as an entrepreneur by you.

## **Richard Branson Profile**

Richard Branson started life as a dyslexic schoolboy who did terribly on the standard IQ test but had an amazing ability to energise the ambition of others. His talents emerged in the late 1960s when he started his own student newspaper that focused on students from a number of schools but not the schools themselves. This business was started with a £4 donation from his mother. In 1970, the government abolished the retail price maintenance agreement but none of the big stores discounted records. Branson saw the opportunity to sell records cheaply to students by running adverts in his magazine. The orders flooded in for both records and subscription to the magazine. Richard rounded up the staff of “ Student”, leased an old shoe shop and opened their first record shop named “ Virgin”. From these small beginnings Richard Branson is now head of around 400 companies that carry the Virgin name. Branson has no giant head office,

very few board meetings, and keeps his enterprise small and relies on empowering people's ideas to fuel success

Nowadays the Virgin group is known for the diversity of products and services it provides, such as Virgin money, Virgin Hotel, Virgin Galactic, Virgin airline, Virgin Broadband. The group employs over 50 000 people throughout the world and has a well respected brand in the world.

According to the 2010 Forbes list of billionaires, Richard Branson is ranked among the 212th richest person in the world with a net worth of around \$4 billion USD. He is known for having turned his record company into a rail, telecommunication, health care, travel, Entertainment Empire. Richard Branson has revolutionised business through creating great employee culture and running his business based on great consumer service. He is known for his talent in making the workplace an attractive place for the workforce, and managed to attract great employees to work for his corporation.

## **Entrepreneur I admire**

I admire Richard Branson for his ability to motivate people and generate the best performance from his employees.

Branson wrote 'having a personality of caring about people is generally important. You cannot be a good leader unless you generally like people, that is how you bring out the best in them (Branson 2008) such an essential leadership quality – possessing social skills, is not a common trait in leaders. As the CEO, he would approach passengers in the economic class of Virgin Airlines, sit beside them, play with their child and collect feedbacks.

Richard Branson possesses several personality traits, namely his endurance for failures contributing to persistence, being a risk taker, possessing emotional intelligence as well as having a drive and achievement motive.

In the realm of business, Richard Branson has experienced the equation of success and has experienced his shares of failures. The Virgin group controlled a large amount of business and most of them have been sold or closed or lost most. Despite them Richard Branson 'always believed in the defy of learning and trying to accomplish something better than in the past' (Henry et. al 2003). This truly outlines his admirable quality of persistence.

Branson believe if someone knows one business therefore the persons knows any business. In addition he also mentioned 'if can run an airline, you can run a bank. If can run a record company, you can a soft drink company'. Branson has truly proven without debt to be a real risk taker. (Dearlove 2007)

One of the aspects I admire from Branson's character

He is self-regulated; he thinks that anger promotes counterproductive thus he tries to remain calm all the time. " Branson believe that his employees should be give top priority", therefore he spends most of this time motivating people (Morgan 2009).

Branson embodies the definition of being drive and achievement motivated, he possesses a strong need to accomplish goals he has set for himself and is willing to take risks, because he feels a sense of joy upon its completion. Branson said, " I always pick myself up and try again. I prepare myself to

have another stab at things with the knowledge I've gained from the previous failure" (Dearlove 2007).

He strongly believes that a setback is never a bad experience; it is just a learning curve. This ability to take risks and having an opportunistic mentality gives him a strategic orientation and makes him proactive in his strong desire to achieve (Henry 2001).

## **Entrepreneurship**

' Entrepreneurship is the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resultant rewards of monetary and personal satisfaction.'

Today's entrepreneurs are equipped with a list of characteristics and skills, providing the building blocks for successful entrepreneurship. Stokes (1998) categorises these skills and characteristics into three headings:

Technical skills, encompassing product or service knowledge and an understanding of the marketplace.

Management competencies, encompassing the areas of marketing, finance and human relations.

Personal attributes, such as having an innovative and determined nature, being equipped with an external focus and being a team leader.

The possession by the entrepreneur of these skills and characteristics can aid him when turning his vision into strategy. With small companies and new ventures at high risk of failure, adopting a strategic approach will improve its

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chances of survival. A successful strategy should provide the direction necessary to allocate the resources of the enterprise in a unique and viable way, taking into account internal strengths and weaknesses and also external opportunities and threats. (Stokes, 1998)

Richard Branson demonstrates individualised consideration by giving personal attention to his staff and develops on their needs. He gave his staff opportunities even if they lacked experience and training as a result created the impression that people worked in Virgin for the fun and excitement. For example, when Virgin Airlines made a pit stop at Sydney, he would stay at the hotel with his 200 cabin crew, and communicate with them and find out about their opinions and concerns about their work (Branson 2008).

Branson would also walk the floor; write letters indicating his home address and home telephone number to every employee allowing them to voice out problems, suggestions and ideas (Manfred & Kets de Vries 1996). In addition

## **Leadership Style**

Richard Branson is charismatic and this is one of the key qualities in transformational leaders. “ His charisma comes from personal warmth and obvious liking for people” (Manfred & Kets 1999). Many would admire his courage in risk taking thus increases his charisma. Apart from his charisma, he is considered an inspirational leader. His ability to communicate his vision of “ Pick someone bigger than you” have been cultivated into his people thus allowing them to achieve what they thought was impossible

Entrepreneurs must have a vision of where the company will be in the future. In addition, “ you must be able to communicate your vision so as to motivate

employees, investors, and partners to help you achieve that vision” (Landrum 2004).

Entrepreneurs are known for their bold attitude, towards taking risks. Branson has proven time in time that he is indeed one bold risk taker his actions have

Shown that he is not afraid to achieve his personal and business (Rifkin 2009) For example, when Branson was exited and enthusiastic about the prospect of running a Trans-Atlantic airline, the rest of the Virgin Group directors were not tried to dissuade him. However, being a risk-taking entrepreneur with an eye to a good marketing opportunity, Richard Branson went ahead (Lancaster & Reynolds 2002).

Enthusiasm, being another essential mannerism, contributes to the leader’s drive to achieve and succeed. This in turn, influences and motivates their followers to want to excel in their fields as well. Such leaders see the bigger picture and are often very ambitious. Entrepreneurs set essential goals for themselves and stay dedicated to achieving them despite of the obstacles that get in the way

The aim of Branson towards Virgin was to create a fun working atmosphere where people enjoy working into the organisation instead of looking as a place to work in order to survive. “ Branson has been called a visionary, a sage, a guru even” (Dearlove 2007). Branson has become a visionary whose management style and philosophy offers crucial lessons for his followers.

Richard Branson is oriented towards open communication and feels that is the key to a stronger infrastructure where everyone is devoted to the overall performance of the company (Bower 2000). This confirmed by the fact that every month a letter addressed to his employees is given where the future plans of Virgin is provided, in addition with his telephone number and home address for any suggestions, ideas or problem that might occur.

Branson rewards his manager by allowing them to be stockholders in Virgin's new venture, trusting them with full authority, and is proud to have produced new millionaires from his own organisation.

**Critically evaluate what you feel has been the entrepreneurial strategy that your chosen subject has deployed to achieve recognition as an entrepreneur by you.**

Richard Branson has created and developed Virgin Group through developing a diversity of companies in different sector and associating into one brand name.

The name Virgin comes from the idea, representing that each business entering the market is seen as a virgin. The Virgin group does not exist as one division/firm, but a variety of businesses. The Virgin group is comprised of a variety of different forms of businesses, with having businesses in many different directions. The Virgin group is diversified in about 200 businesses, with each division falling under the Virgin group.

‘ Virgin's rationale for expansion is based on a fierce external diversification strategy’, which is driven by constant creativity derived from Richard Branson in an approach to new challenges. “ The Virgin group sees itself as a



restructurer; which means that it has low central costs due to a relatively small corporate centre, with the minimum involvement at business level”(The Virgin Group, 2009). The brand is the most important asset of the Virgin group, with the objective to establish it as a major global name. In order to establish such a global name, virgin need to have a number of core businesses with global potential. The Virgin group can be categorized in the following order, Fig 1:

As illustrated in Fig 1, the virgin group is divided into different business forms which are all connected to the virgin brand name. All these divisions form part of the Virgin group.” Virgin group’s rationale is to diversify into as many markets feasible, with extend to the virgin brand name further at a low cost: where stature could be relied on to reduce some barriers to entry into static markets”(Virgin corporate strategy, 2002). Virgin sought the challenge in providing a better service/product than its competitors, by entering a market that is still at its growing phase.

In the case study it is said that, Virgin set out to differentiate itself by offering innovative services. Virgin’s projection of corporate rationale is merely on Sir Richard Branson’s ‘ own personal philosophy’. The emphasis lies on innovation and differentiation, to offer more goods/services for less.

Sir Richard Branson described the Virgin group as ‘ a branded venture capital house’ which is investing in a series of ventures and brands to expand at the expense of profits. The Virgin Group is “ strategically targeted towards a five pillar system”, where Branson wants to start five companies from scratch and sell five companies each year.

As illustrated in Fig 1, all ventures has its name starting with Virgin, whether its Virgin travel or Virgin rail. This is because of the Virgin name that is the ' single most important asset of the company, with the brand name being well marketed and promoted. The Virgin brand name is classified and has become synonymous with Sir Richard Branson's name. With each venture carrying the Virgin name, it sends out a message to the consumer that the venture belongs under the Virgin group and carries a respectively good brand name.

All businesses that starts with the name Virgin can immediately be identified to the roots of the Virgin Group, and as Sir Richard Branson's own. The ventures within the Virgin group are identified as it has created a brand name for itself through marketing and promotion of the brand name. All ventures within the Virgin Empire as illustrated in Fig 1, " sacrificed short-term profits to gain long term growth and uses an autonomous business level decision making method"(Virgin corporate strategy, 2002).

Virgin has a strong brand name as can be concluded from the case study where there is various joint ventures that have formed together with Virgin. These businesses that formed together with Virgin are businesses such as; AMP and Victory Corporation which joined with Virgin

Virgin creates more value by having joint ventures than separating each venture and having each business stand alone in the market, which would weaken Virgin as a corporate parent. Value is added and achieved by the following:

- Understanding of markets

Virgin's management identifies and delivers complacency in a market, with its strategy to add value by offering more for less.

- Overcoming barriers to entry

Consumers choose Virgin as its brand name is much respected within the British public, and serves as a market leader.

- Limiting risk

Any business that is in a joint venture with the Virgin group has the benefit of limiting the risk of failure within the market place.

- No management restrictions

“ The flat running structure helps promote innovation, allow flexibility and promotes values of shared ownership and responsibility”(Virgin corporate strategy, 2002).

- . Innovation

Virgin acquires like-minded individuals and partners that match the ability to form joint ventures and to be able to use each one's ability to innovate and differentiate.

According to the case study Branson adopted his own personal style of management, priding himself on actively involving employees and seeking the needs ideas on ways of further adding value to the customers.

## Conclusion

In conclusion, it is evident Richard Branson have proven through time his effective leadership skills have allowed him to succeed and also pick himself up after failures. We have learnt that a leader should not only depend on technical skills but also be flexible and be adaptable to today's dynamic world which is ever changing.

The ability to grab opportunities once it arises is important because in the business industry, there's a high level of competitiveness, if a leader were to oversee such a chance; they face the potential of losing millions.

, if one of the customers has a bad experience on Virgin trains, they might have different views for the rest of the Virgin brands. Majority of customers know that each of the Virgin business units are managed different and are vastly diversified into different products and services. Therefore each of the business units will have their own strategic plans according to their target market and hopefully this should convince the customers to continue to use their products and services.

The important issues arise in the future when it's time for Branson to move away from Virgin, this could mean the end of the Virgin Group. To solve this potential problem, new management, marketing and promotional styles can be used that are not related to Branson's techniques and see whether these are successful.

Therefore, Virgin is a successful company that applies their own strategies according to their target market under the direction of Richard Branson.

Virgin are able to diversify into new markets mainly through joint ventures,

thus able to increase their market shares in respective markets. However, the question arises when it's time for Richard Branson to Part Company with the Virgin Group, how will they cope and whether they can maintain a competitive edge in the markets that they are competing in.