

# A study of the virgin group



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Founded in 1970 as Virgin Records, the company has expanded to a humongous organization comprising of more than 200 companies in 2007. Its business portfolio ranges from air travel, fitness centers, and mobile telephony. Since its inception, the culture and image of Virgin Group has been directly attributed to the personality and efforts of its owner and founder, the high-ranking executive and entrepreneur Sir Richard Branson. It makes no sense to delink Virgin Group from Sir Branson. In fact, the name Branson is almost becoming synonymous with Virgin Group. This essay aims to provide several aspects of Virgin group. These include the critical analysis of its organizational model, the leadership of Sir Richard Branson and eventually organization's communication.

## Discussion

Virgin Group is made up of more than 200 companies, which employ nearly 50, 000 people all over the world. The business has witnessed continual growth since it was started. The revenues reached a record mark of 10 billion sterling pounds in the year 2006. This reveals the magnitude and level of business in which Virgin Group is operating. The nature of leadership in existence in Virgin Group draws many features from the personality of Sir Richard Branson. The business philosophy postulated by Sir Richard Branson believes that the ultimate results of customer satisfaction and shareholders' gain is the responsibility of every individual. He believes that if the staffs are kept happy then the customers are going to be happy meaning that the shareholders will be happy too. Consequently, the management of Virgin Group does not fall in to any particular model. It has a unique management structure whose characteristics do not fit those of the existing models. The

amalgamation of concepts makes it distinctive. A critical review reveals that the success witnessed by Virgin Group can be attributed to the uniqueness of its management styles.

Management Theorists like F Taylor first created the concept of scientific management. This scientific concept postulates that there are six main features of management, namely; experiment, observation, selection, standardization, and training. Scientific philosophy of management expects that rewards and employee compensation should be pegged on performance and co-operation. Although some facets of this theory are outdated, some of its features are still applicable in the business structure of modern times. As a good illustration, Virgin group may be having what appears as a relaxed working environment but some features of scientific management are in application. Such aspects of scientific management used in Virgin Group include training, selection, and payment pegged on results. Some employees are compensated because of their outstanding entrepreneurial ambition and innovative thinking. Outstanding performance in Virgin Group is not only measure by the amount of financial input an employee has brought but also creativity and ability to think outside the box. Another model of management is bureaucracy, which sees the organization of business as one unit. The pioneers of this school of thought believed that family practices could not be delinked from the organization. Therefore, there a need to merge family goals with those of the entire organization.

Organizational goals of Virgin Group cannot be dissociated with those of Sir Richard Branson. This is enough reason to conclude that the management style in the organization has some elements of bureaucracy in leadership.

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Max Weber first formulated this kind of management approach. The impact of entire society is given considerable attention by the management. In this model, the organization is considered as an integral part of an amorphous society. Despite having some draw backs, this model has found its way in to the Virgin Group's management style. In a bid to meet the needs of the society it is serving, virgin management give priority to the impact, its strategies will have on the society. This is the reason as to why Virgin Atlantic, an airline company under Virgin Group, has been on the frontline on the crusade for environmentally friendly jet fuel.

Furthermore, there is an element of administrative theory in the management of Virgin Group. Propounded by Henry Fayol, administrative theory view management as a chronological process comprising of planning, organization, training, and coordination of functions. This model represents the transitional theory between the traditional and modern models. It is characterized by rigid and mechanistic tenets. Virgin Group has a little bit of these management principles. It has deviated from it by allowing liberalized management at departmental level. However, at the departmental levels, there is need to advance the principles of management. The thoughts of employees should remain to be customized to suit these principles.

The management of Virgin group with a heavy weight is contingency approach. The decision-making and plans executions are done with close reference to the problem at hand. This has seen the group attain notable milestones in streamlining its management, which eventually translates in to revenues. In this management model, the dynamics of business

environments is appreciated. It recognizes the fact that different environments require different management approaches.

Concisely, it is true to argue that Virgin Group's success story of many years is a factor of many things including its optimal management model. The group has been able to amalgamate the presets of every model to suit its present needs. What is emerging vividly from this global organization is the fact that the efficacy of management is determined by its ability to move away from conventional and rigid requirements. Moving with the trends in the market has been proven beneficial in optimization of profits.

From the descriptions given above, it is evident that Virgin Group leadership is transformational. In transformational leadership the management looks beyond the compensation to the employees. The model, which is in use at Virgin Group, explores the inner factors, which enhance performance of employees through motivation. On the contrary to transactional model, which looks at compensation alone, transformational leadership looks at ways of achieving high-level loyalty and commitment from the followers.

The brand in the name of Virgin was founded in 1968. Since then it has grown beyond borders and become a worldwide product. Its venture into many different industries is a true reflection of success. Sir Richard Branson is the present chairperson of the group. He is well known for his stylish but competitive leadership skills. Many analysts and scholars attribute the success of Virgin Group to the creative leadership skills of Branson. In the process of expansion, he took over several risky ventures in order to diversify and improve his business. In most of his business plans, he focused

on minute segment of a specific market and provided quality products or services. This approach allows for creation of small monopolistic markets with high profit margins. One major contributor to Branson's success story is his ability to lead people in exploring innovative and profitable ventures. Therefore, the leadership style depicted by Branson is a topic to be investigated in the following discussions. The kind of leadership philosophy advocated by Branson has been infiltrate into the entire company.

Sir Richard Branson's leadership style falls in the category of transformational. He has an outstanding ability of bringing out the best out of humanity. Interpersonal and relational skills possessed by Branson are impeccable. He has close touch with the day to day activities of various companies within his group. The most common feature that has made him achieve great milestones in business development is the ability to motivate and rally fellow partners in pursuit of a business opening. If the recent acquisitions are taken as an illustration, he managed to convince fellow stakeholders in adoption of new strategy.

In his ventures, he looks for people who are outgoing and willing to start new businesses. His capacity building nature has made him an admirable leader of modern business. His focus spans beyond the orthodox perspective of employees where the management expects the workers to perform to deserve compensation. The interest of Branson surrounds asking the question as to whether a partner or employee is optimizing his or her capacity. He is interested also with people who are willing to take risks and the best in their tasks. For a long time, he has succeeded in bringing out the best out of his staff, a core character of transformational leader. There is no

doubt about the fact that Branson's success since 1970s is directly attribute to his attitude towards management of a team. In his approach, the barrier existing between the employees and management is broken.

In fact, many people working with him approaches business issues with a philosophy of achieving through innovative thinking and not adhering to the preset rules. Because of the ideologies propagated by Branson, all participants in the organization share similar values. He formulated his own style of leadership, priding himself on integrating the employees in to his style and seeking their thoughts on ways of improving value to customers. Employees are expected to internalize these values and respond in accordance to them. Integration of corporate values in leadership strategies means that there is little interference by external forces. Nevertheless, Sir Branson's approach does not mean that the employees are entirely dependent on the chairman's thoughts. They are equally accountable of their actions like fellow employees under transactional leadership. In order to motivate his employees, Branson and his management team, especially human resources management department have systems of enhancing commitment of employees through bonuses, stock options and profit sharing, and internal promotion wherever possible.

Apart from Sir Branson's input in the success of virgin Group, there is a contribution of organizational culture in the company. Organizational culture existing in Virgin Group in fairly complex. The Group serves more than 100 companies operating separately in the industries which are not entirely related. The common feature within ever company in the group is the glamorous Virgin Brand. The brand remains unchanged in all companies

operating in different businesses. This is a similarity, which puts a heavy responsibility on each department or division to positively represent the brand. The image reveals an overall image of quality and innovation inherent in the group. Through the creation of an exclusive brand, the company has been able to consolidate and maintain desirable loyalty levels among the customers.

The diverse business portfolio evident in Virgin Group businesses is helpful in building and maintaining loyalty in various industries. This is the main reason as to why the company has witnessed high levels of success. The managers in the company employ the concept of creativity to encourage employees to enhance their contribution to the group in whatever level of hierarchy. They discourage the scenario where employees sit back to execute instructions. Employees have the capacity of producing cutting-edge products, which the whole company will be able to deliver to the market. They can also formulate ways of improving efficiency in the company. This is an outstanding feature of Virgin Group. Every individual has a say when it comes to products development. The management style in application at Virgin Group encourages members of staff to be competitive. This will eventually build a desire in the hearts of employees to see the company succeed so that they can be recognized as contributors to new and innovative business model.

There is no clear cut between management and leadership within Virgin Group. Transformational leadership emanates from executives and top managers in the company. There are harmonized goals set by Sir Richard Branson and fellow company executives. Various companies within the group will work towards achieving those goals. These ambitious goals range from

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utilization of new technology, expansion in international markets, joint venture with other existing companies and loyalty among customers. Goals formulated at this level of management are communicated to every employee in the company. This is a beneficial strategy, which gives every employee a task to accomplish in fostering the group's mission. The senior management implores the employees to output their skills in such a way that they are going to complement the company. The notion behind this effort is to advance the philosophy that the entire benefits of the group will eventually lead to individual gains for every person involved. The contribution in the group will ultimately result in rewards for managers, employees, shareholders, executives, and customers alike.

One desirable feature of Virgin Group is its organizational structure. Through its structure the company has succeeded in overcoming the challenges related to expansion. An expansive organization like Virgin Group must explore ways of handling the massive information within the company. Through its flat organizational chart, Virgin Group Limited has been able to handle its expansive business portfolio with much ease. The reduction of horizontal chain of command means that interdepartmental communication is enhanced.

As the level of hierarchy moves down, the lower levels of management tend to concentrate more keenly on the management of the company. Although leadership is always encouraged among the managers, it requires some levels of strict management to make sure that the task has been accomplished. Different divisions within the company have different management function. At Virgin Group, managers have several goals of wide

scope. Because of the fact that different divisions of the company are specialized in their operations, well-trained and qualified managers are required to manage it effectively. In most cases, managers employed by the company have a firm background in their sector of specialization. They must also prove that they are capable by showing a successful record of accomplishment. It is the sole responsibility of managers within Virgin Group to ensure that day-to-day operations needed to keep the division running are executed effectively.

Organization is a vital ingredient in the success of Virgin companies. Since the group is an amorphous company comprising of several companies, organization is very critical in putting together the processes. To start with, the company has many goals to be achieved like expanding the global presence and building of customer loyalty. The top executives are responsible for determining these goals and making them available to the entire company. The same executive must ensure that these goals are achievable for them to be received well by employees. However, caution should be exercised to ensure that the employees are not underutilized. Challenging goals are important for the employees to feel that they are engaged in meaningful tasks. Organization of these goals within the division will ensure that specific targets are made. Every division has separate and specialized goals aimed at increasing market share and improvement of product and services.

As the hierarchy advances to the junior staffs, goals become more precise and short lived. The targets set at implementation levels are easily achievable because they are very specific. These specific goals are

formulated by division managers with close reference to those of the entire group. This system of information transfer enables the company to remain on track on the journey to meeting the targets set by executives. Virgin is a living evidence for the fact that this kind of organization is a major prerequisite for business success. Breaking down of general goals in to actionable points is a desirable feature revealed in Virgin's organization.

A healthy and workable organizational structure witnessed in Virgin Group's businesses is attained with many varying strategies. Transformational leadership is one of these strategies that have seen the company attain great heights of success. This strategy enables people of diverse backgrounds and ability to share a common goal. Through working together, a team can combine its members' efforts and work towards achieving common goal. Transformational leadership gives everyone an equal chance to output his or her ability without reservations. A critical review of Virgin Group business reveals that its versatile and innovative workforce is due to the transformational leadership in place. This is in contrast with transactional leadership in which employees are compensated according to performance. The draw back with this kind of leadership is that it breeds greedy employees whose goal will be to amass rewards as much as possible.

## Conclusion

In conclusion, there are many things to be learned from leadership and management of Virgin Group Limited. The company has cut itself a niche in various industries. It has also proven that all things are possible with dedication and commitment. Through the able leadership of its Chairman, Sir

Richard Branson, the management team has come up with a unique formula of managing large scale businesses like Virgin Group. To a large extent, the success of Virgin Group is directly attributable to the input of Sir Branson. He has succeeded in opening a new chapter of management, which deviates from conventional methods. His liberal and all accommodating approach is desirable. There is a formidable blend between management and leadership. A critical review of these two elements reveals that there is no clear cut between the two: a feature that has worked well for the company.