

# The strategy virgin group

Business, Management



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The corporate rationale of the Virgin Group is that by staying as private entity it could eliminate the temptation of taking short term profits over long term growth. The company has diversified into many business sectors in order to take advantage of its brand value and distribution network to achieve business success in a variety of different industries. The CEO of the company had a vision that others could not comprehend. He was not willing to let others get involved in the strategic path of the company, thus the firm after going public decided to stay private ever since. The ownership group of the company believed that the normal pressures of the shareholders for instant results along with the added cost associated with the reporting requirement of institutions such as the London Stock Exchange (LSE) inhibit the ability of the company to grow. Due to the fact that the company was kept private the firm has been able to keep basic accounting numbers of its operation without the rigorous requirement accounting frameworks such as GAAP or IFRS required. The management of the company established a business strategy for its conglomerate group based on the assumption that its brand would be able to captivate the domestic customers due to fact the Virgin brand represents quality and value. The Group's ambition caused the firm to penetrate industries it should have not to such as the train travel industry. The firm believes that one of its primary business sectors that helped the company build brand value is its airlines operations. The overall strategy of the group so far has worked, but due to market changes the firm must adjust its long term strategic to meet the customer requirements of its clientele.