Richard Branson and Virgin

Richard Branson is probably the best known entrepreneur in Britain today and his name is closely associated with all the many businesses that carry the Virgin brand name. He is outward-going and an excellent self-publicist. He has been called an `adventurer', taking risks that few others would contemplate. This shows itself in his personal life with his transatlantic power boating and round-the-world ballooning exploits as well as in his business life where he has challenged established firms like British Airways and Coca-Cola.

Born in 1950, Richard comes from a well-off background. His father was a barrister and he went to school at Stowe, a leading private school (called 'public' in Britain, just to confuse). However, he was never academic and suffered from dyslexia. Nevertheless this did not dent his self-confidence. His mother encouraged this. She commented: ‘bringing him up was like riding a thorough bred horse. He needed guiding but you were afraid to pull the reins too hard in case you stamped out the adventure and wildness.’

He left Stowe at the age of 16 to launch his first business - Connaught Publications - and publish Student magazine. This was based in his parents' house in Bayswater, London. He wrote to well known personalities and celebrities - pop and film stars and politicians - and persuaded many to contribute articles or agree to interviews. He persuaded a designer to work for no fee, negotiated a printing contract for 50000 copies and got Peter Blake, the cover designer of The Beatles' Sgt Pepper album, to draw the cover picture of a student. The magazine made money by selling advertising space.

The venture was not a success, so in 1970 he set up Virgin Records, originally selling records by mail order, at discount prices so as to undercut the competition. But this was also beset by problems, not least some allegedly ‘dubious’ dealings with the tax authorities. He decided he needed to move to a retail site and persuaded the owners of his first store, above a shoe shop in London’s Oxford Street, to let him have it rent free because it would generate more customers for the shoe shop.

It was a great success and Richard next branched into the music business with Virgin Records. Mike Oldfield’s enormous hit ‘Tubular Bells’ was recorded in Virgin’s first recording studio – an Oxfordshire barn – and released in 1973. Other star names signed by Virgin Records included The Rolling Stones, Genesis, Phil Collins, Peter Gabriel, Brian Ferry, Janet Jackson, Culture Club, Simple Minds and The Sex Pistols. In 1992 he sold Virgin Records to Thorn-EMI for almost £500 million.

Since those early days the Virgin brand has found its way onto aircraft, trains, cola, vodka, mobile phones, cinemas, a radio station, financial services and most recently the internet. In 1986 Virgin was floated but later reprivatised because Richard did not like to be accountable for his actions to institutional shareholders. Richard may have been lucky to find someone willing to let him have the premises for his first Oxford Street record shop rent free in those early days, but good luck does not just keep happening. His endurance and eye for a business opportunity have been proved again and
again, as well as his knack of minimising his personal risk. When he launched Virgin Atlantic he showed that he understood that high capital costs lead to high risks. He minimised these risks by leasing everything and then being able to offer a good quality service at attractive prices. In 1999 a 49per cent stake in the airline was sold to Singapore Airlines for £600 million. Today Virgin describes itself as a ‘branded venture capital company’, having created over 270 businesses. Many of these are joint ventures with other companies. They bring the operating capability and Virgin brings the brand. The Virgin Group itself is estimated to have a value of some £2 billion.

Richard Branson’s main skills are said to be networking, finding opportunities and securing the resources necessary for their exploitation. His network of personal influence and contacts is legendary. Equally important is his ability to bring out the best and motivate people. He does this with an informal style and system of communication, facilitated by the company being structured into so many relatively independent smaller companies, although all under the Virgin umbrella. He hates formal meetings and has no central headquarters, not even a board room as the company does not hold regular board meetings. Instead he prefers to make decisions on a face-to-face basis, albeit sometimes over the phone, but always developing and testing his personal relationships.

Up-to-date information on Virgin and Richard Branson can be found on their web site: www.virgin.com

Questions
1. How many of the entrepreneurial characteristics does Richard Branson exhibit?
2. Has Richard Branson just been lucky with his business ventures? How does he handle risk?