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# Business Stripped Bare

Richard Branson

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# **Business Stripped Bare**

Adventures of a  
Global Entrepreneur

Richard Branson



I'd like to dedicate this book to  
all the wonderful people - past and present -  
who have made Virgin what it is today.

# Acknowledgements

**Writing Business Stripped Bare has been another life lesson for me. I've been able to remind myself of many of the business escapades that I've been involved in over the years. I know some of my Virgin colleagues are decidedly nervous about what I might be saying — and whether I might go 'off message', as the politicians say — but a real strength of the Virgin Group is that they are prepared to let me talk candidly about the business.**

Of course, any lapses in memory about events are purely my own. What do they say at the end of television true-life dramas – that 'some names and dates have been changed'? Not really necessary in this case, but my intention is not to embarrass or disparage anyone.

The Virgin story has been a phenomenon – building a global business in one lifetime – and it still has a long way to go. We have packed so much in. Over the years there have been so many outstanding and committed people steering our Virgin businesses. I really should thank them all individually but if I did, this book would be twice the size and the publishers wouldn't be too happy with me. So I shall save my thanks for those who have had a direct influence on the business in recent years.

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And, finally, a wonderful thanks to my wife, Joan, my children, Holly and Sam, and my dearest mum and dad for all your love and support.

**Richard Branson**  
Necker Island, August 2008



# Introduction

**I spoke to him nearly every day, using him as a sounding board. He seemed to me the kind of business expert who could enhance our thinking. He gave us good advice on the Virgin One account. His name was Gordon McCallum. He used to work for the business consultancy McKinsey & Co., and I knew he'd been doing some work for Wells Fargo — to do with consumer banking and financial services and major retailers including JC Penney. I trusted him. I knew a lot about him — but it suddenly dawned on me one day: 'Gordon? Do you work for us?'**

'Yes,' he replied.

'I mean, are you an employee?'

'No, Richard, I'm not. I'm still working as a freelance consultant at the moment.'

Oh.

'Well,' I said, 'you'd better come for a job interview. See you tomorrow at the house.' And I put the phone down.

I can't remember much about that night but I must have had fun; when Gordon turned up at my place in Holland Park, at 9 a.m. sharp, I was still in bed. In fact, I couldn't seem to get out of it. So I tucked myself under the sheet and called him up and said: 'Well, I'd like to offer you a full-time job.'

It was not the kind of meeting he had expected, but he rose to the challenge. 'What kind of job?'

'What kind of job would you like?'

Finally Gordon cracked. In all his years at McKinsey he had never come across this technique as a way of identifying corporate talent. He burst out laughing, but he wasn't put off. 'I'd like to help Virgin develop a much clearer business strategy for the brand and help you expand it further internationally.'

This made a lot of sense. It was what I'd been hoping for. 'What would your title be?' I said, and leaned over to grab my dressing gown.

He thought about it. 'Something like Strategy Director?'

'Fine - we'll call you the Group Strategy Director of Virgin.'

We sorted out the money, and the deal was done - and I went off to have a shower.

Is this any way to do business?

Absolutely.

At its heart, business is not about formality, or winning, or 'the bottom line', or profit, or trade, or commerce, or any of the things the business books tell you it's about. Business is what concerns us. If you care about something enough to do something about it, you're in business, and you'll find ideas in this book that will help you. This is a business book for everyone, whether or not they imagine themselves to be 'business people'.

Making the most of Gordon's considerable talents and playing fair by him was not a 'business decision' I had to make - it was simply my business, my concern, my affair.

I'm no less a businessman when I'm in a dressing gown – and I'm certainly not more of one when I put on a suit.

This was brought home to me pretty sharply in July 2007, during an hour-long session at the Aspen Ideas Festival. I was being interviewed by Bob Schieffer, the former CBS news anchorman of the *Evening News*. This is the man who moderated the 2004 presidential election debate between George W. Bush and John Kerry. Bob knows his stuff, so I expected a grilling. He could see that underneath my brash exterior I still harbour some nervousness about speaking in public, so he started off warm and generous, getting me nice and relaxed, conversing about all kinds of matters from terrorist extremism to space tourism, before he delivered his sucker punch. I had left school at fifteen to set up a student magazine, and Bob asked me *why I had gone into business*.

I just stared at him. I suddenly realised I had never been interested in being 'in business'. And, heaven help me, I said so, adding: 'I've been interested in creating things.'

Now, feeble as that sounded on the stage at Aspen, that's the gist of my thinking about business. It shouldn't be something outside of yourself. It shouldn't be something you can stand away from. And if it is, there's something wrong.

Over the years, the Virgin Group has made it its business to run railways, build a spaceship, launch a new airline in Africa, and help fight Aids and HIV. These are our concerns. Not all of them are 'businesses' in the usual sense – and the journalists who have accused the Virgin Group of making no business sense are right, but in the wrong way. *The greatest and most unusual achievement of the Virgin Group is that, unlike most businesses, it remembers what it's for.*

Business is creative. It's like painting. You start with a blank canvas. You can paint anything – *anything* – and there, right there, is your first problem. For every good painting

you might turn out, there are a zillion bad paintings just aching to drip off your brush. Scared? You should be. You start. You pick a colour. The next colour you choose has to work with the first colour. The third colour has to work with the first colour and the second. The fourth colour . . . You get the idea. You're committed now. You absolutely cannot stop. You've invested. There is no reverse gear on this thing. People who bad-mouth businessmen and women in general are missing the point. People in business who succeed have swallowed their fear and have set out to create something special, something to make a difference to people's lives. Are the colours just right? Are the planes polished? Do the crew look good? Are they comfortable? Are the seats OK? What's the food like? It costs *how* much . . .?

And whether you're a surrealist or a CEO, there are always bills to pay and money always arrives later than you ever dreamed possible. In the teeth of a downturn, petty financial hassles can turn into major, life-changing crises, and tough decisions often have to be made. This is the side of business that journalists like to write about – but it's the least exciting, least distinctive part of business. It's secondary. It's dull. What really matters is what you create. Does it work or not? Does it make you proud?

When I meet people around the world they often say to me I must have a wonderful life. They're not wrong. I am a very fortunate person. I have my own island in paradise, a wonderful wife and family, loyal and entertaining friends who would walk over hot embers for me, and I for them. I travel a great deal and I've had many life-affirming adventures and experiences. Even George Clooney once let slip that he'd swap his life for mine – much to the excitement of my wife!

Success has made much of this possible. Would I have been happy without my successes in business? I'd like to

think so. But again, it depends on what you mean by business. Would I have been happy had I not found concerns to absorb me and fascinate me and engage me every minute of my life? No, absolutely not, I'd be as miserable as sin.

Today the Virgin Group spans the world. It is truly an internationally recognised brand name, trusted and enjoyed by many hundreds of millions of people across the continents of the world. Could it collapse overnight? Almost certainly not: we've built it to contain any amount of damage, by organising it into around 300 limited companies. I think we've proved that a branded group of *separate* businesses, each with limited liability for its own financial affairs, makes sense. We're never going to have a Barings Bank situation where a rogue trader is able to bring down the whole Virgin Group. One disaster isn't going to cause 50,000 job losses worldwide. Forty years' worth of work isn't going to be flushed down the toilet overnight. And although the combined Virgin Group is the largest group of private companies in Europe, each individual company is generally relatively small in its sector. And so we have the advantage of being the nimble 'underdog' player in most markets.

At the time of writing, we are sailing straight into a brute of a storm. More than a year ago now, tens of thousands of poorly advised families in America ran out of money to pay their mortgages. They lost their homes. Their misfortune is now being visited upon the rest of us on a global scale, as the sub-prime mortgage crisis convinces bank after bank to reduce its lending. One major UK bank has already collapsed. Some global financial institutions have needed massive government refinancing. It's not a disaster – yet. But the price of oil is going through the roof, and consumers throughout the world are noticing the difference to their fuel

and heating bills. Their response is perfectly sensible: they're not buying things. But this in turn could spell real trouble for the consumer businesses on which many national economies depend.

Like any business, the Virgin Group has to steer around all these obstacles. In *Business Stripped Bare* I'll be looking at the key elements that have brought success to our companies, despite poor economic conditions and changing markets.

In business, as in so many other creative endeavours, the idiots' guides are for idiots. Like you, I've scanned the airport bookshelves. Like you, I've browsed the business books. Like you, I've felt my heart sinking. There are exceptions – I'll mention the ones I've enjoyed as I go – but in general these business writers are a dreary bunch. Most of them seem to be writing about what business is like from the outside – not about what it's like to actually *do*.

They're writing, in some abstract way, a prescription for how to paint a picture. They've got nothing to say about painting a bad picture, or about how to tell a good picture from a dozen bad pictures, or how to let go when a good picture turns out to be bad, or how to live with yourself when you realise you've thrown a good picture away, or . . .

You get the idea. Every business, like every painting, operates according to its own rules. There are many ways to run a successful company. What works once may never work again. What everyone tells you never to do may just work, once. There are no rules. You don't learn to walk by following rules. You learn by doing, and by falling over, and it's because you fall over that you learn to save yourself from falling over. It's the greatest thrill in the world and it runs away screaming at the first sight of bullet points.

Most of what I have done with the Virgin Group is about my own gut instinct. I've never analysed what I do in any formal way. What would be the point? In business, as in life, you never step into the same river twice.

So all I can do for you now (and I firmly believe that this is all anyone can honestly do) is map the territory I've seen. The good news is, I've covered a lot of territory.

On 11 November 1999, surrounded by near-naked women, I announced Virgin Mobile from inside a giant see-through mobile phone in Trafalgar Square, London. Three years later, in Times Square in July 2002, I paid homage to the hit British film *The Full Monty*; wearing only a cellphone to cover my shame, I unveiled Virgin Mobile's partnership with MTV. The point of these hugely enjoyable stunts was that, with Virgin, what you see is what you get.

Well, there are no stunts here (the editor tells me we can't afford a pop-up section), so I'll just have to rely on the title to get this book's message across. I've stripped Virgin's businesses bare. Rather than banging on about how successful they are, I've written about what my companies are actually about. What were our intentions? How well, or how badly, did we realise our early hopes? I've gone through my notebooks and diaries, hunting for common themes and ideas, and I've divided what I've found into seven sections. I'll be looking at:

*People*

*The brand*

*Why delivery is vital*

*What we learn from our mistakes and setbacks*

*Innovation as a driver for business*

*The value of entrepreneurship and leadership*

*The wider responsibility of business*

I think of our brand as one of the premier 'way of life' brands in the world. Whether you're in the United States, Australia and New Zealand, Japan, South Africa, India, Europe, Russia, South America or China, the Virgin brand means something. The Virgin brand is about enjoying life to the full. By offering customers excellent value for money in so many areas of their lives, we aim to make them happier.

These values do not come cheap. These values must be paid for. Our Virgin Mobile business in America still holds the record as the fastest company to generate revenues of over a billion dollars. That's faster than Microsoft, Google and Amazon. We've created more business multimillionaires than any other private company in Europe – and we're among the top twenty in the United States. Business requires astute decision-making and leadership. It requires discipline and innovation. It also needs attitude, a good sense of humour and, dare I say it, luck.

We turn entrepreneurial ideas into outstanding businesses. We receive hundreds of business ideas every month, often directly via our website. We employ a gatekeeper – a corporate development assistant – whose job it is to record, log and classify all ideas as they arrive. She then passes them on to our experts. They read through and research the best of them. A tiny number are passed to our investment professionals – whole teams of them, working in London, Switzerland, New York, Shanghai and Sydney – and they are more forensic about business than the detectives on *Crime Scene Investigation*.

What if we like your idea? If you've seen the BBC's *Dragons' Den* – or *American Inventor*, its US equivalent – then you know what's coming. We will strip you bare.

We normally invite people to come along to Virgin's Investment Advisory Committee and present their plans in



London, New York or Geneva; and sometimes in the Far East, in Japan or China. At these weekly meetings we have a team of six Virgin managers we can pull in to help examine projects. So that our own vested interests don't blind us to new opportunities, none of the committee runs a Virgin business on a day-to-day basis – but they work closely with all of the top people who run our businesses and bounce ideas off them all the time.

Our global chief executive, Stephen Murphy, who operates in Switzerland, and Gordon McCallum (our UK chief executive), ask some very tough questions. They will rigorously push and pull your business plan about to see if there is a profitable business underneath. Facing the committee can be daunting for the uninitiated – and you are normally expected to be well prepared, with the facts at your fingertips. But these people don't bite, and (unlike some of their television counterparts) they are not remotely rude. They can ask for more meetings so that deeper questions can be answered. Often the committee meets several times before a final decision is given. We look at spending plans, income forecasts, the marketing budget, and when the company is likely to break even. We work out our exit strategy – will it be a sale, or a flotation on a stock market? And, above all, we look at the key managers who will be running the business. This is the holy grail for us, because it's the people that make a great business idea work.

More often than not, after all things are considered, they'll recommend that we don't invest in your business. The possible reasons for this are so many and various, they're not even worth agonising over. Dust yourself off. Learn what lessons you can. Make your next call.

The Virgin team acts just like any other commercial venture capitalist organisation. It assesses your potential,

whether it fits with the group's ambitions and strategy, and of course brand values, and what the possible returns and profits will be. Then it works out what kind of stake the Virgin Group should take. In return, the new company gets the full range of Virgin's expertise – and I'll agree to help raise the profile, make key introductions and offer any advice that I can.

The Investment Advisory Committee are my trusted lieutenants and they know almost everything there is to know about the Virgin global business. I'm rarely at their meetings – the team don't like my interruptions and interference. I know this because they have a nickname for me. They call me Dr Yes – a parody of the wonderful James Bond movie *Dr No*.

If I like your idea, but the investment committee have concerns, then I usually ask them to go and find solutions to the problems they've identified. I prod these people constantly. I remember, before we developed our mobile phone business, I was on to them every week saying: 'Why aren't we in this yet?' The committee didn't want to launch Virgin Blue, either, but in the end they saw sense!

But, you see, I have an ace up my sleeve. If I believe in your business idea, I can be quite persuasive in getting people to accept my point of view. I never do this lightly – but, as I've said, usually go with my gut instinct, disregarding whole volumes of painstaking research. I would love to be able to tell you that every ace I've played has turned out to be a Virgin Blue or a Virgin Mobile. But I can't – which is why I make my senior colleagues at Virgin very, very nervous!

Should we decide to go ahead with you, we sign up as branded venture capitalists (occasionally, as unbranded

investors), take a stake in the company, and then look for a return on that investment after about two to five years.

And that, the cynics will say, is that. Of course, businesses also have a duty of care for the health and well-being of their people (and you will hear what we have done in South Africa for our staff with HIV/Aids). Beyond that, though, business is 'just business': a scramble for profit. Right?

Well, that might describe crime; it certainly doesn't describe business.

*Ethics aren't just important in business. They are the whole point of business.* We're in business to make things. And when you decide what to make, that, right there, is an ethical decision.

The more successful you get, the bigger and harder the ethical questions become. I spent the first half of my career creating businesses that we could be proud of, that paid the bills and ensured that the Virgin Group was strong and survived. It has been our aim to establish Virgin as the 'Most Respected Brand in the World'. It has to be one that is trusted in each and every marketplace. I think once the Virgin Galactic space programme starts, we have a chance of being the most respected brand in space too!

On the back of that work, I've built the second half of my career, creating what I call 'war rooms', to tackle environmental problems and disease, bringing together global leaders to form the Elders – compassionate people who wield their huge influence for the good of humanity. The entrepreneurial skills we use to get these projects up and running are the same ones we used to create Virgin Records and Virgin Atlantic. Why would they be any different? Business is about getting things done. No, scratch that: business is about getting *better* things done (whilst building profits) and setting up a not-for-profit 'social'

business is not really any different to setting up a commercial business.

Make no mistake: being better is hard to do, and only gets harder the bigger you get. If you've got a brand with 300 companies, you've got to be diligent and make sure that nobody makes a mistake that damages the business's reputation. That means no bribes, no backhanders and no hidden payments to oil the wheels of commerce. It means treating people fairly and equitably.

Now the stakes are even higher. The threat of climate change is the biggest challenge we face as a planet. Virgin is, among many other things, a transportation group. A rail travel company. An air travel company. With a space tourist start-up. So we're making things worse – right?

Well. We cannot unmake air travel – or space travel for that matter. No one in business can unmake anything, any more than a band can unmake a song. Can you unmake your hangover? Your indigestion? Your children? Your last week's work? No. Welcome, then, to the first law of entrepreneurial business: *there is no reverse gear on this thing.*

Virgin is dedicated to developing new renewable fuels and energy sources and greener technologies in rail, air and space to cut all our carbon footprints. It is responding to the current crisis decisively, the only way a business can: by making things. Virgin is trying to do a credible job for the environment. By making better things, it's making things better – and in this book, I hope to show you how.

I've enjoyed an incredible life – and I hope there is much more to come. I'm planning to work till I drop and I'll continue to challenge myself as long as I enjoy good health and still have my marbles. And I hope that the fortune that I

have been granted can bring enormous opportunities to other people and make a real difference.

I hope you find *Business Stripped Bare* a useful read. My experiences may even shake up your ideas about what business is. They've certainly shaken up mine.

# 1 People

*Find Good People – Set Them Free*

**'Mr Richard! Mr Richard! Do you have a minute, please?'**

I was visiting Ulusaba, our private game reserve, close to the stunning Kruger National Park in South Africa. It's an enchanting piece of bush and, thanks to Karl and Llane Langdon, a well-managed one. The previous owners had planned to fence it in – all 2,060 hectares of it – to protect the local wildlife from poachers. We decided, on the contrary, to take the advice of our rangers, and have allowed our leopards, lions, elephants, cheetahs and rhinos to move and migrate freely between our land and the neighbouring Kruger.

The reserve had cost me nearly \$6 million in 1999 – a testament to the salesmanship of the South African president, Nelson Mandela, who persuaded me to keep faith with his homeland. Even when times have been hard for the Virgin Group and I needed liquid cash, I could never bring myself to sell it.

'Mr Richard!'

I stopped and turned round and stood there, dazzled by one of the most winning smiles I've seen in my life.

'Mr Richard.' It was a woman from the village, dressed in a KwaZulu gown of bright reds and yellows. 'I've heard you are a very generous man. Can you lend me money to buy a sewing machine?'

At this time Virgin Unite, our charitable foundation, was busy at work in the villages in and around the reserve. The villagers had been walking a long way to Sand River for water that was not particularly safe to drink. So the foundation had sunk boreholes to provide the villagers with a nearby source of clean water. It taught skills, helped with the school and built a medical clinic. It created play areas for kids, and huts from which the villagers could sell their goods to tourists.

The tourists were our business too. For nearly ten years, Ulusaba has been a magical place, especially loved by people who come here to rent our upmarket lodges, one perched on the summit of a granite outcrop with stunning eagle-eye views across the bush, the other a tree house overlooking the Mabrak riverbed, where many animals come to drink and frolic.

I've been asked for money hundreds of times over the last thirty years, but rarely with such directness. You've heard of the elevator pitch? This was the elephant-pool pitch.

She told me she was a talented seamstress but that she needed cash to buy a sewing machine to get her business going.

'So how much do you need?'

'Three hundred dollars would be enough,' she explained. 'And, what is more, I'll repay it within three months and employ six people full-time.' The woman's determination and ambition were fantastic. So was her focus: she knew exactly what she wanted, and why. She got her \$300.

And as I walked away I said to myself: That's money I'll probably never see again.

I wasn't being cynical. I simply had experience of how the odds were stacked. At Ulusaba – which means 'place of little fear' – I had come to know many local people who were working on the game reserve and looking after our visitors. And believe me, they have big fears. Malaria, tuberculosis and HIV/Aids stalk their daily lives.

Three months later I was invited back to the village to open some of the community projects supported by Virgin Unite, including crèches, orphans' homes and an Aids-awareness clinic. When I got there, six women came up to me, and gave me a gift of the most exquisite cotton pillows and tribal clothes which they had made. And, to complete my surprise, they returned the \$300.

But where was the original entrepreneurial seamstress? I asked.

'Mr Richard, she is so sorry she can't be here personally to see you. She is off to the market selling the products,' they told me.

I've thought of her often since that day: a confident, direct, intelligent woman, using a sewing machine to better her own and others' lives. Never mind *Dragons' Den*: if you want to meet entrepreneurs, come to Africa. It's a continent full of opportunities for the creation of wealth, enterprise and future prosperity.

Since the mid-1970s, the economist Professor Muhammad Yunus has been saying much the same thing about the women of Bangladesh. But how do we foster entrepreneurship in communities that, whatever their potential, have virtually nothing?



Muhammad Yunus started his Grameen Bank as a practical economics project in 1976. He won the Nobel Peace Prize in 2006 for pioneering an economic system in which small, low-interest loans are extended to people who are unable to obtain a loan from a traditional bank. Grameen's rule of thumb is to keep the interest rate as close as possible to the prevailing market rate in the commercial banking sector rather than moneylenders' exorbitant rates. It has transformed the lives of millions and the bank now has 2,400 branches, and 7.5 million borrowers. The default rates – at 2 per cent – are lower than those of any other banking system. Every year, 5 per cent of Grameen borrowers move out of poverty. His work has spawned a global movement.

Muhammad is a proponent of 'social business'. He said in an interview with the *Santa Barbara Independent*:

*Ordinary businesses are aimed at making money . . . there is no consideration of how people benefit, it is all about making profits. Social business, on the other hand, is all about social benefits, not personal gain. Profits are important to social businesses, which seek to sell products at prices that make it self-sustaining. A social business is not a charity – but profits are not its ultimate goal. When a social business turns a profit, the original investors are repaid, but the rest of the profits stay with the company in order to achieve its long-term social goal of helping the poor.*

His view is that many of the problems of the world remain unresolved because capitalism is poorly understood and poorly practised. The issue, he says, is not in the capitalist system itself, but in the hash that people repeatedly make of it. He completely rejects the common view, that capitalism is all about the bottom line.

He says: 'In this narrow interpretation we create a one-dimensional human being to play the role of entrepreneur. We insulate him from other dimensions of life, such as religious, emotional, political dimensions . . . Everyday human beings are not one-dimensional entities, they are excitingly multidimensional and indeed very colourful.'

Muhammad thinks capitalism can - and should - enrich the whole person.

I'm not good at theory. Almost everything I've learned, I've learned by doing. However, Muhammad's opinions excite me. They confirm a lot of the gut feelings I've developed about business over the years. And topping my list of gut feelings is this: *business has to give people enriching, rewarding lives, or it's simply not worth doing.*

Later on, we'll be returning to Virgin's African adventures, and some of the wider political questions this story throws up. For now, though - since we have to start somewhere - let's start at home. Let's start with you. Wouldn't it be wonderful if your company were full of people like the seamstress who accosted me that day in Ulusaba? Think what you could achieve.

Well, there's no reason why it can't be, and in this chapter I'm going to tell you how Virgin tries to foster the entrepreneurial spirit at every level of its business.

First of all, take a cold, hard look at your present surroundings.

Are you really going to be able to empower the people around you? I ask because, for all I know, your workplace may be a sink of despair. And while we've had a few notable successes in this area, it is, I would say, superhumanly difficult to change a company's existing culture.

Virgin learned this the hard way in 1996, when we acquired Euro Belgian Airlines and turned it into a cheap, cheerful, go-getting budget airline called Virgin Express. Well, that was what Virgin Express was supposed to become. We rebranded the airline and floated 49 per cent of its stock on the Brussels and NASDAQ stock markets. We knew it wouldn't be easy, because we'd be in competition with solid low-cost airlines such as easyJet, Ryanair and Go, with all the benefits they had of being based in the UK. Not only that, we would be based in *Belgium* (remembering how much it cost us to operate there brings tears to my eyes to this day). Nevertheless, I believed that with a quick transfusion of the Virgin spirit, we could make a go of it.

Boy, was I wrong.

Our Brussels-based low-cost carrier was one of the toughest challenges we have faced. Debilitating European regulations on the thirty-five-hour working week and high fixed costs meant that there was little room for radical changes. This is a nightmare when you are trying to run a low-cost operation and arrange rosters and crew patterns. But if it was bad for us, imagine what it was like for the staff. They were cynical about the business, for the very good reason that there was no fun, no camaraderie and no real sense of ownership.

We set about changing all that – or tried to – and landed feet first in a can of worms: strict union regulations, tortuous pay negotiations, constant strike threats. I had to go in myself and try to sort it out, and it taxed my own legendary reserves of karma. The crucial lesson I learned was: *avoid taking on someone else's legacy*. In June 1999 I wrote in my notebook with reference to the turmoil at Virgin Express: *'Almost for the first time in my life I can't sleep at night. Fighting the outside world is easy. Trying to make peace*

*among one's own staff is hell. We must never allow another company to get into this mess.'*

As life turned out, shortly after that diary entry we made Neil Burrows the CEO and he set about turning the business around with incredible hard work and great leadership. However, just as Neil had got the costs into line with the most competitive in Europe and finally turned Virgin Express into a credible people business which worked, 9/11 bankrupted our biggest partner SABENA. Eventually, in March 2006, Virgin Express and SN Brussels Airlines merged to create Brussels Airlines and Neil went on to lead the combined businesses merging the two cultures and creating what is today a very successful airline in the capital of Europe. It was a salutary experience, and the business message is clear: if you're in the mood to buy a new business – wait. It can take a long time to change a business culture. Are you sure you wouldn't be better off starting one from scratch? So many business acquisitions end up being disasters because the people involved fail to understand the real challenges involved with getting different types of people to all work together and share the same goals. They look only at the numbers.

This lesson can be applied more widely, and that's what I want you to do now. Look around you. If the people you're responsible for have already been crushed beyond recognition, and if your bosses are more interested in putting you right than in listening to what you have to say, you are better off hunting out more promising surroundings for yourself.

Even better, start from scratch. Seek out people with the right spirit, bubbling just beneath the surface, and get working with them.

The people you need are rare, but they're not hard to spot, so let's start with them.

You will find the 'Virgin type' of person all over the world. I bump into them frequently in bars, cafes, hotels and small businesses, in libraries, post offices, in hospitals, at the jetty in the Caribbean, even in government offices and the civil service. Virgin types pop up everywhere, and in every nation. These people don't know they're special, but they are; they are out there, and you can spot them.

If you're in charge of a company, or a human resources department (I hate this description – I call them 'people' departments!), you should be searching for them, too. These people, by their nature and their outlook on life, enjoy working with others. They're attentive. They smile freely. They're often lively, and fun to be with. I don't underestimate qualifications – I just don't assume they're going to tell me anything about a person's character. Having 'savvy' is much more important than having a formal education. The things you learn can only complement who you are – and in my book, who you are counts for a whole lot.

I am always on the lookout for talent – it's not easy to find energetic and enthusiastic people with the right attitude. We look for people who can grow into their work, and respond with excitement when we give them greater responsibility. Jobs, after all, can be learned. Recently, we noticed two guys doing a brilliant job of running the water-sports activities at a rival hotel. Everyone loved them. We didn't need water-sports people. But we needed managers: and we asked these guys to run our island home in the Caribbean, Necker. In business, someone who can stay cool and calm under pressure is an asset. This is especially true for the Virgin Group, as so much of what we do involves dealing directly with the public. Today's consumer can be

very demanding, especially when things aren't going according to plan.

I want to keep the Virgin Group fresh. So I have tried very hard to re-create, in every company, the atmosphere of Virgin's early years. There's no rule book. The past is the past. We can't preserve it; it would be silly for us to try. But what we can do is look for the next generation of the right sort of people. Like everybody else, we're looking for dedication, and belief, and a willingness to go that extra mile for colleagues and customers. But we keep certain other thoughts in mind, too. It seems to me that when you love what you do, you're too busy to stand on your dignity. When you're good at what you do, you don't worry so much about your image. So I think it's a positive sign when people don't take themselves too seriously.

Good people have always been at the heart of the Virgin business, and that's largely because we have tried to keep our businesses small, and our management teams tight-knit. I feel that small, compact companies are, generally, better run. This is partly because people feel more connected in smaller companies.

In an ideal business environment, everybody should have a rough idea of what everyone else is going through. People should be free to talk. Banter is essential. Anonymous, over-formal, regimented surroundings produce mediocre results. Niggling problems either fester, or they end up on your desk. No one runs that extra mile for you.

And there's another thing you should take into consideration: if your people aren't talking to each other, how are they ever going to get ideas? It was the physicist Albert Einstein who said: 'What a person does on his own, without being stimulated by the thoughts and experiences