

THE UNAUTHORIZED GUIDE TO DOING



BUSINESS THE

# RICHARD BRANSON



# WAY



10 SECRETS OF THE  
WORLD'S GREATEST  
BRAND BUILDER



*By Des Dearlove*

REVISED 3<sup>RD</sup> EDITION



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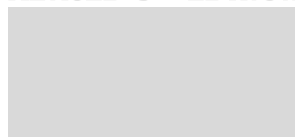


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# ACKNOWLEDGEMENTS

I'd like to think this book provides a fair analysis of why Richard Branson has been so successful over so many years. In the end, though, whether you see him as the bearded crusader or simply capitalism with a hairy face, it is impossible to escape the conclusion that he is a remarkable individual. For three decades he has dazzled the British business scene with a unique mixture of substance and style. At the very least, he has brought colour and fun into the otherwise all too grey lives of countless business journalists around the world. Richard, for that you have my heartfelt thanks.

In researching this book, I have plundered a veritable treasure trove of articles, as well as several excellent biographies. I would particularly like to thank Mick Brown and Tim Jackson, whose books were an inspiration; Alan Mitchell of Amrop International; and a cast of thousands who have interviewed and analysed Branson over the years.

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Des Dearlove, March 2010

# RICHARD BRANSON REVISITED ...

Much has happened in the Branson business empire over the last decade. As with most businesses there have been highs and lows. Although unlike most businesses, the highs have been particularly lofty. With Virgin Galactic, one of his more recent ventures, Branson is literally shooting for the stars. Some other endeavours have proved less meteoric. Yet, although Branson has suffered his share of setbacks, they are comparatively few for a man who has run a billion-dollar business for forty or so years. The fact that much tends to be made of any disappointments in the Virgin corporate portfolio, only serves to highlight the company's resounding overall success. And, ever the optimist, Branson continues to spin off ideas, back new Virgin businesses, and whip up PR in the media for his various ventures.

It wasn't that long ago that some commentators were suggesting Branson may have lost his Midas touch. Prematurely, as it turns out. In 1999, the year after the first edition of *Business The Richard Branson Way* was published, Branson featured in *Forbes* magazine's list of the World's Richest People with a fortune estimated at \$2.6 billion. By 2000 that figure had risen to \$3.3 billion. In 2001, Branson's net worth had declined to some \$1.8 billion. Since then



it has fluctuated with the fortunes of both the global economy and the Virgin Group but remains at a healthy \$2.5 billion as of 2009.

Some commentators have suggested that the Virgin brand can be stretched to cover just about anything. Evidence from the noughties suggests, however, that while it continues to hold up well up, the brand is not infinitely elastic. For example, in true Branson PR style, the Virgin founder donned army fatigues and rode into Times Square in a battle tank to launch Virgin Cola in the US, as part of an assault on the cola market. But the cola venture eventually fell a little flat when, in February 2000, Virgin admitted defeat in its war against Coca-Cola and Pepsi-Cola in the US. The new version of cola lost its fizz, without making too much of a splash in the US cola market, Virgin changed the strategy, management and location of its soft drinks business, concentrating instead on 'new age' drinks, including fruit juices and energy beverages. (Virgin Cola is still available in the UK, France, Italy, China and a number of other countries.)

And Branson looked fetching in a bridal outfit (minus beard) stirring up a PR frenzy for the launch of Virgin Brides in 1996, as the company opened its flagship London store. Not only were there the usual wedding dresses and accessories but there was also a wedding planning service that extended to arranging the entire event if required. A shop in Manchester followed in 2001. But the honeymoon was soon over. The London store closed in 2003 and Virgin Brides closed for business in 2007.

Perhaps the biggest challenge for Branson and the Virgin brand in recent years has been Virgin Trains. The early signals were not that encouraging. Virgin Trains' services hit the buffers early on, and the company struggled to get back on track. At times the Virgin Trains railway franchises plumbed new depths of train service misery.

At one point it seemed that no matter what Branson said or did the bad publicity from Virgin's tardy railway operations just kept on coming. In 1999, Virgin Trains had the worst record for punctuality in the country, according to figures from the shadow Strategic Rail Authority. But Branson always said that it would take five years to turn the lines operated from the worst in the country to the best. He was right. By 2005 and 2006 the punctuality figures were showing a marked improvement on those in 2002 when, according to Strategic Rail Authority figures, only 73.6 percent of West Coast trains and 62.5 percent of cross-country trains arrived within ten minutes of the scheduled arrival time. Delivery of the Pendolino tilting trains, traveling at speeds of up to 140 miles per hour, as well as replacement of old rolling stock, made a big difference. In October 2009, on Virgin Trains' West Coast rail franchise, 93.4 percent of trains arrived on time at their destination, beating the previous record of 91.3 percent in May 2006.

Elsewhere in the Virgin empire it has been business as usual. New Virgin ventures continued to be added to the eclectic collection of companies gathered under the Virgin brand umbrella at break-neck speed. These included Virgin Cars, Virgin Wines, Virgin Student, Virgin Energy, Virgin Bikes, and Virgin Digital.

More recently, in 2007, the Virgin Health Bank, allowing stem cell storage was added to the Group. And there was also talk of Branson riding to the rescue of Northern Rock building society, and adding high street banking to his many businesses.

At the same time as adding to the Virgin portfolio, a number of existing Virgin companies have expanded rapidly. Virgin Active, for example, became one of the largest health and fitness groups in the world, and by the end of 2008 was operating 179 clubs across Europe and South Africa. Virgin Healthcare announced it was

opening a new chain of healthcare clinics to provide conventional medicine alongside homeopathic and complementary therapies.

Perhaps the venture that has attracted the most column inches in recent years, however, has to be Virgin Galactic. For everyone who dreamt of being an astronaut when they were younger, for budding space travellers everywhere, Branson is launching the world's first passenger service into suborbital space. For \$200,000 or so, passengers will soar above the Earth and enjoy the delights of weightlessness, albeit briefly.

And, for those who lack the necessary funds, but still hanker after a journey into space, there is always the frequent flyer miles option. You will need quite a few though; two million or so, possibly. That's how many Alan Watts in the UK racked up with Virgin when he was offered a one-off opportunity to upgrade to a space flight. He accepted.

With Virgin Galactic the sky is not the limit. Branson has no intention of sticking with a brief trip in suborbital space. The plan is to extend the service both to point-to-point suborbital routes around the planet, as well as orbital trips, and eventually the moon.

As well as various companies, Branson also acquired a more unusual asset in 2003 when he bought Makepeace Island in Queensland, Australia. Most companies have a company canteen, the odd corporate day out, but Branson now has an island resort for the Virgin staff.

Branson has taken an active role in some of the leading global challenges of the new millennium too. Late in 2006, Branson openly joined the climate change debate demonstrating his commitment to tackling the planet's problem by pledging three billion dollars

to fight global warming, with profits from Virgin's travel firms over a ten-year period invested in developing biofuels.

Attacking the problem of climate change and finding alternative energy sources with the same kind of energy and enthusiasm he devotes to his business empire, Branson wrote to his fellow transport industry executives, to airlines, and engine manufacturers to round up support for a cross-industry forum focusing on innovative solutions to the world's overheating problems. In his letter he urged greater speed in addressing the specific issues relating to the airline industry's impact on carbon dioxide emissions.

Characteristically optimistic, Branson suggested that a collective industry effort could reduce the carbon dioxide emissions for the aviation industry – responsible for two percent of global CO<sub>2</sub> emissions – by up to a quarter. He wasn't short of ideas on how this could be achieved either. One suggestion was a new starting grid system for plane take-offs and landings.

Instead of 'sitting on planes with CO<sub>2</sub> spewing out of those planes for anything up to 60–90 minutes ...,' as Branson explained the existing position to listeners of BBC Radio 4's *Today* programme, airplanes could turn engines off until shortly before, and shortly after landing, being towed into place 'by a small tug.'

This new system would, Branson suggested, reduce ground carbon emissions by some 50 percent at Heathrow and up to 90 percent at John F Kennedy airport in New York. Plus those people living nearby would enjoy substantially cleaner air, as well as lower noise levels. When it comes to the issue of companies reducing greenhouse gas emissions someone needs to take a lead; maybe that person is Branson.

In 2007, Branson launched the Virgin Earth Challenge, with \$25 million on offer for the individual or group able to demonstrate a commercially viable design to achieve the net removal of greenhouses gases for a minimum ten year period.

There is also the Elders, a group of influential individuals, including Muhammad Yunus, Kofi Annan, and Jimmy Carter, for example, who through collaboration and collective efforts hope to help settle some of the global challenges the people of the world face. Assembling in 2007, the Elders are funded by a number of wealthy founders, including Branson.

It is not the first time he has been involved in issues that touch on the public good. For some time Branson was intent on running the UK's National Lottery. Losing out on the 1996 franchise, he was back in line for the franchise when it came up again in 2001. Branson promised to create 'a millionaire a day' by introducing new improved games and increasing participation. Crucially, the People's Lottery would, he claimed, return more funds to charity than the incumbent operator Camelot.

Unfortunately, after a bidding fiasco, during which bids were withdrawn, legal battles fought, and bids resubmitted, a furious Branson lost out once more, vowing in the process never to bid again. Towards the end of 2009, however, Camelot was up for sale, and among the potential bidders was one Richard Branson. Who knows, maybe Branson will finally realize his ambition to run the Lottery.

As we venture into 2010 and beyond Branson continues to ride the rollercoaster that is Virgin. One of Branson's enduring strengths is his ability to absorb punches, to take the rough with the smooth. He has bouncebackability – lots of it.



‘Whenever I experience any kind of setbacks,’ Branson observes, ‘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. My mother always taught me never to look back in regret, but to move on to the next thing. The amount of time that people waste on failures, rather than putting that energy into another project, always amazes me. A setback is never a bad experience, just a learning curve.’

One more thing deserves a mention: on March 30th, 2000, plain Richard Branson became Sir Richard Branson. Knighted in the New Year’s Honours List for services to entrepreneurship, the habitually casually attired Branson donned a morning suit for the first time ever at his investiture ceremony at Buckingham Palace. While respectability beckoned, so far he has stoutly resisted the temptation to join the establishment. With typical *élan*, party-loving Branson celebrated his knighthood by holding a reception for the 250 others receiving honours on the same day. When asked how it felt to be ‘Sir Richard,’ Branson answered: ‘It feels great. It feels odd sleeping with a Lady though.’

