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The Virgin King - Richard Branson

Written by Camille Howard

How does he do it?

Camille Howard catches up with entrepreneur **Sir Richard Branson** as he rocks into Australia to launch another strand in his iconic **Virgin** empire, and asks how he gets it so right so often. And is being a legendary **entrepreneur** as much fun as it seems?

When taking a flight with **Sir Richard Branson's** spirit of adventure, it's a good idea to check your seat-belt. His **business ventures**—and planes—aren't prone to crashing, but some of his **marketing ideas** take a dive. When they involve hot air balloons, for example.

When he walks into a room full of unknown and admiring entrepreneurs, you'd be forgiven for thinking Branson is a rock star. In Australia to launch the latest arm of the Virgin empire, Virgin Home Loans, he is the main attraction at a networking event attended by 250 Dynamic Business readers.

As one attendee said to me, "He's like the Messiah!" In business terms, it's not too far from the truth. When one business owner missed his chance to chat to Branson at the event, he tracked him down at a suburban home where Branson was to be interviewed. Instead, Branson offered him the chance to have a chat in his car as he was driven back to the city.

It's this genuine interest in others' ideas that reflects his charm. Yes, he's a little bit cheeky, and often politically incorrect, but he's so down-to-earth and likeable, you forgive him for it anyway.

He writes his own rules. The way he built his empire broke many of the unwritten laws of

branding, particularly that your brand should stand for one thing. "Conventional wisdom would have it that you should specialise in one area. If you look at the top 20 brands in the world, 19 out of the 20 of them have specialised—Microsoft, computers; Coca Cola, soft drinks; Nike, shoes. Virgin is perhaps the exception, because we're more a 'way of life' brand than the others."

The home loan market is a big leap from Student Magazine, started as a teenager, and the mail order record business that launched the Virgin title (named because it was his and his partners' first business), and it's this kind of leap for which Branson repeatedly comes under fire. One academic, former head of Coca Cola's marketing, Peter Sealey, is quoted as saying it was pure ego to launch so many different businesses under the one brand. But Branson makes no apologies for his tactic, and instead stresses the importance of protecting the Virgin brand.

When he first decided on launching the Virgin Atlantic airline in 1984, he protected the record company in case the business didn't take off, literally. Part of this protection involved leasing a plane while it was determined whether they could effectively launch a new airline into the market.

There are now more than 200 businesses under the Virgin brand, but rather than be problematic, Branson believes each of the businesses branded with the Virgin name reflect the same key element: a better deal for consumers. Whether that's for cheaper airfares, mobile phones, home loans, music stores, or intergalactic travel, Branson aims to be able to undercut the competitors by offering more for less, at a margin that still equals a profit.

And as he recalls the numerous headlines dating back 30 years which say he pushes the boundaries too far, he is nonplussed. "If you then look at the market research on the brand, in Britain we're the number-one most respected brand among men and number two among women. And on a global basis, we seem to come into the top 20 most respected brands, so it doesn't seem to have done us too much harm," he muses. (In Australia, according to Virgin's research, Virgin has 96 percent recognition; 56 percent in the US.)

That's not to say he always gets it right. There was the highly publicised flop of Virgin cola (Branson's oft quoted line was he wanted Virgin to be as well known as the Coke brand), and several failed adventure attempts. But rather than get put off by the failures, Branson is eager to embrace them. "Learn from failure and pick yourself up. That's what bankruptcy is all about!" he jokes.

"We stretched it mainly I suspect because of my personal view: I see life as one long learning process, and I love learning things I know nothing about. And I realised quite early on in life that if you could run one business well, you could run any business well. A business is only about its people."

This is a recurring theme for Branson who says he is never threatened by surrounding himself with people who know more than him. "Just collect the right people around you," he stresses. And given the structure of the multi-tiered business, it's even more important for the Virgin Group. "We're very, very careful with the brand and we don't do anything that puts the brand in peril, so for any new ventures we do have quite strict criteria." He explains that each business is run independently, with its own shareholders and management teams.

"We didn't sort of sit down one day and think 'how do we stretch this brand', we just got on and did things and discovered we had a brand that did different things," he says of his diverse interests. And no business idea escapes his eye, which is probably why, he jokes, there's often a business director handy to keep him from saying yes to every business idea thrust upon him.

"We won't go into an industry unless we feel we can shake it up, make a real difference, and hopefully that industry will never be the same again as a result of us moving into it. I mean the airline industry in Australia is never likely to be the same again because Virgin Blue was set up." And in the financial services industry in Australia, he hopes for more of the same.

The music side of the Virgin brand keeps them honest, Branson says, in terms of maintaining the fun and youthful appeal of the brand, while the newer parts of the business appeal to a different market, their parents, who are possibly the same people who grew up with the brand from its early days.

Big Ideas

As the very public face of the brand, it's hard to imagine this man ever being shy. "My parents advised me to keep a low profile," he says sheepishly, "and I took their advice on board for about 10 years and refused to do interviews." Then Sir Freddy Laker, British aviation entrepreneur, warned him he'd never be able to match the budgets of the major airlines when he launched Virgin Atlantic, so he knew he had to try to get the company put on the map. "So, the next week, I donned a Virgin pilot's outfit, ended up on the front pages, and I thought, well, that was easy, I'll keep going."

Luckily for Virgin he did, with his public marketing campaigns and adventures under the Virgin brand grabbing headlines around the world. There was the race to circumnavigate the globe in a hot air balloon (Steve Fossett eventually won that battle—Branson was rescued from two failed attempts), dressing up in a wedding dress to help launch Virgin Brides, and even the cheeky campaigns carrying on the public stoush with British Airways (when introducing shiatsu massages on Virgin Atlantic flights, they advertised "BA don't give a shiatsu"; and when the BA-sponsored London Eye opening was delayed, Virgin set up a blimp with "BA can't get it up" emblazoned on the side).

Maybe it's easy to be creative when you have a budget many SMEs will never see in their lifetime, but Branson says creating this kind of noise doesn't have to be expensive. "Putting a bridal dress on doesn't cost you too much. I think one can come up with ideas to try to put one's

company on the map that don't cost a lot of money. Then again, our companies are consumer companies, aimed at the public. There are other companies which are not necessarily consumer-orientated, and you don't have to promote the brand in such a way."

For all businesses, Branson suggests writing down the names and personal information of every person you meet. "When I started a recording studio many years ago, with any person to do with the music industry I would write two or three lines about them and then two or three years later, when they're thinking of booking your studio and you can remember the names of their children, that can be very important." He also keeps notes of all conversations, to refer back to later.

Branson admits that not everyone's business will allow for the same kind of cheekiness he

has been able to capitalise on. The youth market has been the target for Virgin for many years—"which gets harder as I get older!"—and it has always been branded cheekily to capture that market. It's important to have the right message for your own market, and the right way to deliver that message. Whether it's a grand business venture like space travel, he adds, or a boring one like taking on the home loan market.

The secret to his brand-building success lies in a few principles Branson carries through to every new business. "If you've got a brand—it depends on what business you're in—you shouldn't be afraid of making a fool of yourself to try and get on front pages in order to get the brand well known. And I suppose I have used myself a lot to get Virgin established, whether it's sinking in boats or crashing in balloons, or abseiling down buildings or getting locked in a cage with 20 naked ladies—that's tough, some of the things you have to do in this job," he laughs. "Whatever you do, make sure it's going to make people smile. Do it with a bit of panache and style."

In his biography, Losing My Virginity: how I've survived, had fun and made a fortune doing business my way, Branson attributes his can-do attitude and thirst for adventure to his parents, who taught him to be independent, strong-willed, and adventurous. "I never saw myself as an entrepreneur," he says. Rather, he became an entrepreneur to make his first business foray a success. "And I managed to get extremely good people around me."

While would-be entrepreneurs would probably give their eye teeth for a piece of his success, it wasn't something Branson set out to achieve. "In my first editorial I wrote that I wanted to change the world, as every 15 or 16 year-old wants to do, but I had no idea where it was going to go. I really wanted to be a journalist and loved getting out to interview people and find out about things, and switched that to learning through starting new companies."

Not a bad switch in the end, and although his own website sums up the Virgin Group's activities as 'branded venture capital', Branson makes a clear distinction: "It's a neat way to sum it up," he agrees, "but we don't sell companies that often, whereas venture capital companies build companies to sell them." And, he adds, having the Virgin brand attached to the companies the group accumulates has meant they've never let a company go bankrupt—"venture capital companies let them go bankrupt all the time"—to protect the brand and its reputation.

Part of this reputation is his challenge of conventions and doing things his way, which is why having the knighthood bestowed on him didn't sit well … at first. "I don't use it," he says of the title, insisting he will always be "just Richard".

"But it was an honour to be offered it. I always used to think that if I was offered it I would say no. Then of course, when it comes through it's like, oh, I'd quite like that! And it was fun because my parents were alive and it was nice for them and the kids and it was a fun day at Buckingham Palace."

Watching Branson with his staff, life at Virgin sure looks fun, but he ensures work comes first. "Otherwise it just comes to a grinding halt," he explains. "It's all very well to have fun, but you've got to get the work done, or I lose the respect of the people around me, and that ricochets all the way through the company. So the people at Virgin work really hard, but they play equally hard as well—between midnight and three o'clock in the morning we don't answer our emails!"