

AN ENTREPRENEURIAL CASE



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A Case Study of Richard Branson

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An Entrepreneurial Case

RICHARD BRANSON



Born 18 July 1950 is a British industrialist, best known for his Virgin brand of over 360 companies. Branson's first successful business venture was at age 16, when he published a magazine called Student. He then set up an audio record mail-order business in 1970. In 1972, he opened a chain of record stores, Virgin Records, later known as Virgin Megastores and rebranded after a management buyout as Zavvi in late 2007. Branson's Virgin brand grew rapidly during the 1980s—as he set up Virgin Atlantic Airways and expanded the Virgin Records music label. Richard Branson is the 261st richest person in the world according to Forbes' 2009 list of billionaires, with an estimated net worth of approximately £1.5 billion.

Branson was born at Stonefield Nursing Home in Blackheath, South London, the son of barrister Edward James Branson and Eve Branson. His grandfather the Right Honourable Sir George Arthur Harwin Branson, was a judge of the High Court of Justice and a Privy Councillor. Branson was educated at Scitcliffe School until the age of

thirteen. He then attended Stowe School until he was sixteen. Branson has mild dyslexia and had poor academic performance as a student, but discovered his ability to connect with others. Branson had poor academic records which contrasted with excellent performance in sports, especially swimming.

With Joan Templeman he has two children, Holly. The couple wed—at their daughter Holly's suggestion when she was eight years old—in 1989 at Necker Island, a 74-acre (30 ha) island in the British Virgin Islands that Branson owns. He also owns land on the Caribbean Islands of Antigua and Barbuda. Holly Branson is now a doctor.

Branson started his first record business after he travelled across the English Channel and purchased crates of "cut-out" records from a record discounter. He sold the records out of the boot of his car to retail outlets in London. He continued selling cut-outs through a record mail order business in 1970. Trading under the name "Virgin" he sold records for considerably less than the "High Street" outlets. The name "Virgin" was suggested by one of Branson's early employees, who suggested the name because they were all new at business. Branson eventually started a record shop in Oxford Street in London and, shortly after, launched the record label Virgin Records with Nik Powell. Branson earned enough money from his record store to buy a country estate, in which he installed a recording studio.

In 1971, Branson was arrested and charged for selling records in Virgin stores that had been declared export stock. He settled out-of-court with UK Customs and Excise with an agreement to repay the unpaid tax and fines. Branson's mother Eve re-mortgaged the family home to help pay the settlement.

Virgin Records' first release was Mike Oldfield's Tubular Bells, which was a best-seller and British LP chart topper. The company signed controversial bands such as the Sex Pistols, which other companies were reluctant to sign. In 1992, to keep his airline company afloat, Branson sold the Virgin label to EMI for \$1 billion. Branson formed Virgin Atlantic Airways in 1984, launched Virgin Mobile in 1999, Virgin Blue in Australia in 2000. He was 9th in the Sunday Times Rich List 2006, worth just over £3 billion. Branson wrote in his autobiography of the decision to start an airline:

“ My interest in life comes from setting myself huge, apparently unachievable challenges and trying to rise above them...from the perspective of wanting to live life to the full, I felt that I had to attempt it.”



In 1993, Branson took what many saw as being one of his riskier business exploits by entering into the railway business. Virgin Trains won the franchises for the former Intercity West Coast and Cross-Country sectors of British Rail. Launched with the usual Branson fanfare with promises of new high-tech tilting trains and enhanced levels of service, Virgin Trains soon ran into problems with the rolling stock and infrastructure it had inherited from British Rail.

Virgin acquired European short-haul airline Euro Belgian Airlines in 1996 and renamed it Virgin Express. Branson has also developed a Virgin Cola brand and even a Virgin Vodka brand, which has not been a very successful enterprise. On 25 September 2004, Branson announced the signing of a deal under which a new space tourism company, Virgin Galactic, will license the technology behind Spaceship One and funded by Microsoft co-Founder Paul Allen to take paying passengers into suborbital space. Virgin Galactic (wholly owned by Virgin Group) plans to make flights available to the public with tickets priced at US\$200,000.

Branson's next venture with the Virgin group is Virgin Fuels, which is set to respond to global warming and exploit the recent spike in fuel costs by offering a revolutionary, cheaper fuel for automobiles and, in the near future, aircraft.

On 4 July 2006, Branson sold his Virgin Mobile company to UK cable TV, broadband, and telephone company NTL/NTL:Telewest for almost £1 billion. As part of the sale, the company pays a minimum of £8.5 million per year to use the Virgin name and Branson became the company's largest shareholder.

Branson also launched the Virgin Health Bank on 1 February 2007, offering parents-to-be the opportunity of storing their baby's umbilical cord blood stem cells in private and public stem cell banks after their baby's birth.

On 9 February 2007, Branson announced the setting up of a new Global science and technology prize—the Virgin Earth Challenge—in the belief that history has shown that prizes of this nature encourage technological advancements for the good of mankind. The Virgin Earth Challenge will award \$25 million to the individual or group who are able to demonstrate a commercially viable design which will result in the net removal of anthropogenic, atmospheric greenhouse gases each year for at least ten years without countervailing harmful effects. On 10 January 2008, Branson's Virgin Healthcare announced that it would open a chain of health care clinics that would offer conventional medical care alongside homeopathic and complementary therapies.

Branson is also involved in various humanitarian initiatives. In the late 1990s, Branson and musician Peter Gabriel discussed with Nelson Mandela their idea of a small, dedicated group of leaders, working objectively and without any vested personal interest to solve difficult global conflicts. On 18 July 2007, in Johannesburg, South Africa, Nelson Mandela announced the formation of a new group, The Elders, in a speech he delivered on the occasion of his 89th birthday. The founding members of this group are Desmond Tutu, Graça Machel, Kofi Annan, Ela Bhatt, Gro Harlem Brundtland, Jimmy Carter, Li Zhaoxing, Mary Robinson, and Muhammad Yunus. The Elders is independently funded by a group of "Founders", including Branson and Gabriel. Branson's other work in South Africa includes the Branson School of Entrepreneurship, set up in 2005 as a partnership between Virgin Unite, the non-profit foundation of Virgin.



ISON (SOURCE:
STINGAI.COM)

Richard Branson made several world record-breaking attempts after 1985, when in the spirit of the Blue Riband he attempted the fastest Atlantic Ocean crossing. His first attempt in the "Virgin Atlantic Challenger" led to the boat capsizing in British waters and a rescue by RAF helicopter, which received wide media coverage. In January 1991, Branson crossed the Pacific from Japan to Arctic Canada in a balloon. This broke the record, with a speed of 394 km/h.

Branson's business empire is owned by a complicated series of offshore trusts and companies. The Sunday Times stated that his wealth is calculated at £3.065 billion.

Text Sources: Wikipedia 2010 (www.wikipedia.com), BusinessWeek (<http://www.businessweek.com>)