

Business Stripped Bare - by Richard Branson

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A real and specific description of the inner workings of the Virgin companies. Every entrepreneur, investor, and manager should appreciate this detailed account of practices, philosophies and stories from the core.

my notes

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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.

I had never been interested in being "in business". I've been interested in creating things.

The greatest and most unusual achievement of the Virgin Group is that 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.

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.

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.

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.

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. 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. They ask some very tough questions. They will rigorously push and pull your business plan about to see if there is a profitable business underneath.

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.

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.

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.

The first law of entrepreneurial business: there is no reverse gear.

No one in business can unmake anything, any more than a band can unmake a song.

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.

I have tried very hard to re-create, in every company, the atmosphere of Virgin's early years.

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.

Put people together in a way that will have them bouncing ideas off each other, befriending each other, and taking care of each other.

We try as far as we can to make people feel as if they are working for their own company. Our more senior people have share stakes or options in the companies they run.

Someone described Virgin as an 'unprofessional professional organisation', which for my money is just about the best backhanded compliment anyone in business could ever receive. We run our companies professionally and we make sure that everyone does their job to the highest standards. But the way we make sure is to see that people are having fun. Fun is not about acting stupid. It's the feeling you get when you're on top of things. We try to make sure that the people who come into contact with a Virgin business end up with a smile on their face (not always easy).

The best Virgin manager is someone who cares about people and who is genuinely interested and wants to bring out the best in them.

They will earn their colleagues' loyalty and trust, for a start. But just as important, they will make friends.

A self-disciplined employee will have the patience to conduct routine business routinely, the talent to respond exceptionally to exceptional circumstances, and the wisdom to know the difference.

Companies do things. They are tools designed for a particular purpose - or they should be. If they are superseded, or surplus to requirement, we shed them. We try our level best not to shed the people, or the know-how, but the company itself is not something we allow ourselves to get too nostalgic about.

You learn very quickly not to skimp on the goodwill gestures. They let people know that, whatever the difficulty, you're still working for them.

Young, independently minded businesses can provide customers with great service: it's the monoliths and the business establishment that make customers' lives a misery.

It's about turning what excites you in life into capital, so that you can do more of it and move forward with it. I think entrepreneurship is our natural state - a big adult word that probably boils down to something much more obvious like 'playfulness'.

Inspire your people to think like entrepreneurs, and whatever you do, treat them like adults. The hardest taskmaster of all is a person's own conscience, so the more responsibility you give people, the better they will work for you.

The more you free your people to think for themselves, the more they can help you. You don't have to do this all on your own.

We carefully research the Achilles heels of different global industries, and only when we feel we can potentially turn an industry on its head, and fulfil our key role as the consumer's champion, do we move in on it.

The Virgin brand is a guarantee that you'll be treated well, that you'll get a high-quality product which won't dent your bank balance, and you'll get more fun out of your purchase than you expected - whatever it is.

My driving force was finding new ways to give people a good time - ideally, in places where they were least expecting it.

The Virgin brand is about irreverence and cheek. It values plain speaking. It is not miserly, or mercenary. It has a newcomer's voice - and in a world of constant technical innovation, the voice of a company that's coming fresh to things is a voice people find oddly reassuring. It's a brand that says, 'We're in this together.'

We didn't need cross-holdings, or strong family structures: we had a flag. The bonding power of the Virgin brand has permitted us to take the bold decision to give everyone the opportunity to be

entrepreneurs in their own right. It is a flag to which all members of our extended family pay due respect. They enjoy the advantages of doing business under the Virgin umbrella, and in return they agree to protect the integrity of the brand. If they don't, then we can legally withdraw the name. Everybody fights for their own particular Virgin company - and shares in the upside when things go well.

I now have a team of people who meet once a week to go through every Virgin company, looking at figures, projections and income. They have a list of priorities, and a list of new projects. They make sure that the Virgin Group is running efficiently. This frees me up to dive in and out when necessary.

Don't waste your precious time. Phone calls and emails can eat your day. Don't let them. No one will think less of you for getting to the point. Because there are so many calls to make every day, I generally keep them very brief. And a short note to somebody is often quicker than a phone call. As the business has got bigger and spread across the globe, a lot is dealt with by short notes.

If you are trying to persuade someone to join you, invest with you, or make some changes, then it's important to speak to them directly and take the time so that they know what they must do.

Delivery is never rocket science. When we move from sector to sector, I'd say about 90 per cent of our core delivery strategy comes with us and slots straight in, without adjustment, without fuss, without trouble. Getting to grips with an unfamiliar infrastructure is simply a question of workload - of mastering detail.

What's the most critical factor in any business decision you'll ever have to make? Basically, it boils down to this question: If this all crashes, will it bring the whole house tumbling down like a pack of cards?

A basic understanding of the business, gleaned by immersing yourself in every little detail for months or even weeks, is often enough to get you started. The volume of information you'll need to hack through will be high - so find some friends to help you - but the underlying business model is always fairly simple.

Remember to communicate, and pay attention to detail. You wouldn't believe how far you can get, just by remembering and practising those two rules.

The team had a real sense of autonomy. I didn't need to be involved day-to-day, but I was sent regular information and figures, which I looked at each night. From the off, the business acted like a listed company - and that's how all start-ups should try to behave.

When you're first thinking through an idea, it's important not to get bogged down in complexity. Thinking simply and clearly is hard to do. It takes concentration and practice and self-discipline.

Engage your emotions at work. Your instincts and emotions are there to help you. They are there to make things easier. For me, business is a 'gut feeling', and if it ever ceased to be so, I think I would give it up tomorrow. By 'gut feeling', I mean that I believe I've developed a natural aptitude, tempered by huge amounts of experience, that tends to point me in the right direction.

My plans acquire detail as I test them against questions that on the face of it are really quite simple - and more to do with emotions than figures. If we create the best health club in town, will existing gym users go to all the bother of transferring their membership to us?

Always, always, have a disaster protocol in place. It is a boss's duty to get to the scene as quickly as humanly possible. If you delay showing your face in public after a disaster, recriminations, anger and blame set in.

Over the years the Virgin brand has earned the reputation of being bold and unafraid. Isn't it extraordinary how few brands communicate fearlessness?

Virgin's business aim has been to find a strong position in a game-changing market.

We put ourselves out there, searching for new opportunities. And we know that they are more likely to come our way if we get ahead of ourselves and prepare the ground first.

Virgin's normal rate of return in business is around 30 per cent.

Most really successful people I've met are more interested in doing the right and proper thing than the easy and expedient one.

When we're faced with a problem, we get together promptly to look for the answer to a single question: 'Is there a way out?' And we then go right to the endgame and ask: 'What is the ideal way out of this problem for everyone?' You need to become 100 per cent focused on trying to find that way out. If it's a major problem, give it 100 per cent of your time and energy until it is sorted. Work night and day to resolve it, and try to delegate everything else that is going on. If, having done this, you fail to resolve the problem, then at least you know you've done everything in your power you can. Move on.

For sole traders and very small companies, the distinction between innovation and day-to-day delivery is barely noticeable and unimportant. It's all just business, and creative, responsive, flexible business comes easier to you the smaller your operation.

The secret to success in any new sector is watchfulness, usually over a period of many years.

In business, as in life, you can't afford to be afraid of doing the wrong thing.

Innovation is what you get when you capitalise on luck, when you get up from behind your desk and go and see where ideas and people lead you.

Something that must be written into every business plan: This company will have lots and lots of parties and social get-togethers. Parties are a way of galvanising teams and allowing people to let their hair down. They have to be inclusive and encouraging, and then they are an excellent way of bringing everyone together and forging a great business culture.

Once the entrepreneur has the company up and running, they often need to pass the baton on to the manager.

The creator's job is to find someone with expertise who understands the vision and is prepared to follow the path.

The entrepreneur's job is effectively to put themselves out of a job each time the new company is up and running.

Then they can step aside and free themselves up to be entrepreneurial in a different business.

It is generally asking for trouble for an entrepreneur to stick around for too long, trying to cover both roles.

In a small business, you can be both the entrepreneur and the manager while you are getting it going.

But you need to know and understand everything about that business. And I really mean everything.

An emerging entrepreneur should sign every cheque.

Examine every invoice, and you'll soon appreciate where your money is going.

Even in a big business like the Virgin Group, I sit down now and again and sign every single cheque that goes out, and I ask my managing directors to do the same. For a month. Sign everything for a month every six months and suddenly you're asking: 'What on earth is this for?' You'll be able to cut out unnecessary expenditure quite dramatically when you do that.

As a small-business person, you must immerse yourself 100 per cent in everything and learn about the ins and outs of every single department.

As you get bigger, you will be able to delegate, and when people come to you with their problems, they'll be surprised how knowledgeable you are and how much practical advice you can offer.

The reason you're knowledgeable is because in the early days of the business, you learned all about it.

This is how business leadership is achieved. There are no short cuts.

If you're an entrepreneur, you need to find a manager. Then you should move on, enjoy yourself and then set up your next enterprise.

Nothing in business is quite like the early, frenetic days of an ambitious start-up project. There's always an amazing buzz about this kind of thing. It's high-octane and high-risk and it builds a tremendous spirit and camaraderie which takes everyone through some very trying times. I've seldom seen people work harder than in the initial stages of a new venture.

Once a business matures and is established, it can become more challenging to retain that excitement. What we do at Virgin is not let businesses get too mature. If you can keep the businesses relatively small, people will know each other within the organisation and feel like part of a team.

Jack Welch encouraged managers to start each day as if it was the first day in the job. He said that managers were often afraid of change - and they must embrace it.



I don't think there has ever been a letter from my office which criticises the staff or an individual. Now and again I've disagreed with something and suggested changes in behaviour. But the Virgin Group has always tried to look for the best in people. That way, you get the best back.

I think that you should only fire somebody as an act of last resort. If someone has broken a serious rule and damaged the brand, part company. Otherwise, stop and think.

You'd be amazed how quickly people change for the better, given the right circumstances, and how willing they are to learn from costly mistakes when offered a second chance. If you've over-promoted someone and it hasn't worked out, then offer them their old job back rather than firing them. It's your fault for over-promoting them. Not theirs.

Decent leadership is about explaining clearly and unemotionally why a decision has been taken.

The Dalai Lama said, "If you wish to experience peace - provide peace for another. If you wish to know that you are safe, cause others to know that they are safe. If you wish to understand seemingly incomprehensible things, help another better understand."

If you want swashbuckling action in your life, become an entrepreneur and give it a go.

Learn the art of trying to set up your own business.

Which is the same as saying, learn the art of making mistakes and learning lessons.

"Only a fool never changes his mind." - Freddie Laker.

We should all pledge to do nothing that we'd regret reading about in the press.

What you're bad at actually doesn't interest people, and it certainly shouldn't interest you.

Business will keep your mind eternally young, because business is always changing, changes always bring opportunities, and you can never hide from the changes that are round the corner.

Money's only interesting for what it lets you do.

If money's a poor guide to success in life, celebrity is worse.

Success for me is whether you have created something that you can be really proud of.