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Introduction

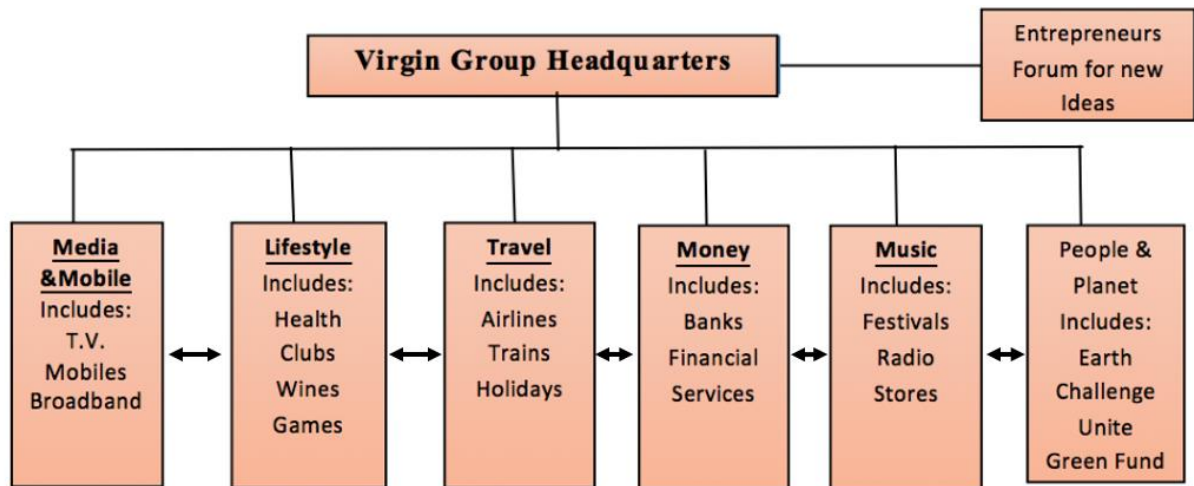
Richard Branson, one of the world's most famous and charismatic entrepreneurs, disrupted the music industry in 1970 by creating a small discount mail order record retailer, Virgin Mail Order. Over 50 years on, Virgin Galactic is aiming to offer the first commercial shuttle flights into space. Never happy with one industry, Branson has diversified Virgin into 60 companies in 35 countries. From a 16-year-old dyslexic high school dropout to the £4 billion magnate he is today, Branson has kept Virgin Group synonymous with entrepreneurship by following his passions, showcasing his image and imbuing his start-up mindset into every new venture, partner and employee.

Virgin Group: Keeping the Entre/Intrapreneurial Spirit Through Expansion and Corporate Parental Developer Structure

A problem many startups face is how to maintain the entrepreneurial mindset that made them successful as they expand. In order to keep his companies aligned with his start-up mentality, Branson builds his teams very carefully, finding people who understand the ethos of the Virgin Group and can improve it without losing sight of the company vision. He then empowers them to share ideas at every level and make decisions based on communication and collaboration (Branson, 2020a). As big as they have grown, Virgin maintains the underdog image whilst harnessing the capital of the global Group (Stewart, 2018).

As it has grown, Virgin Group has adopted a decentralised structure in which each business unit operates under its own management having relative freedom. However, the Virgin Group shares certain resources across its businesses, such as its distinct brand, capital and marketing power. 'Parental developers focus on the resources or capabilities they have as parents which they can transfer downwards to enhance the potential of business units'

(Johnson, 2014, p.189). Furthermore, Virgin's values and entrepreneurial mindset permeate the culture of each of its businesses through Branson's recognisable image and overarching narrative as a fun and flamboyant leader creating exciting and desirable products. Thus, Virgin Group utilises the parental developer model, as it seeks to employ its own central capabilities to add value to its businesses (Johnson, 2018).



Adapted Corporate Parental Developer Model - Virgin Group (Sweet, 2018, p. 204)

Swimming in Multi-Coloured Oceans

Whilst Virgin made its initial success with discount mail order music via red ocean thinking, beating heavy competition by cutting costs, the entrepreneurial spirit many associate with Virgin is evident in blue ocean initiatives such as Virgin Galactic. However, most of Virgin's actual success and notoriety as a large entrepreneurial conglomerate has come from purple ocean strategies, blending red and blue ocean thinking by introducing new approaches within existing markets to disrupt the industry. To stand out, they introduced 'G.L.U.E – Giving Little Unexpected Extras' to the customer (Mui, 2015). For example, they offer high quality food, retro uniforms and friendly customer service reminiscent of the golden age of flying on Virgin Airlines. Ironically, by harkening back to old strategies, Virgin disrupted the red ocean

strategies adopted by low cost and, more recently, traditional airlines such as British Airways.

Virgin did not invent air travel, but they redefined expectations of what an airline can be through purple ocean strategy.



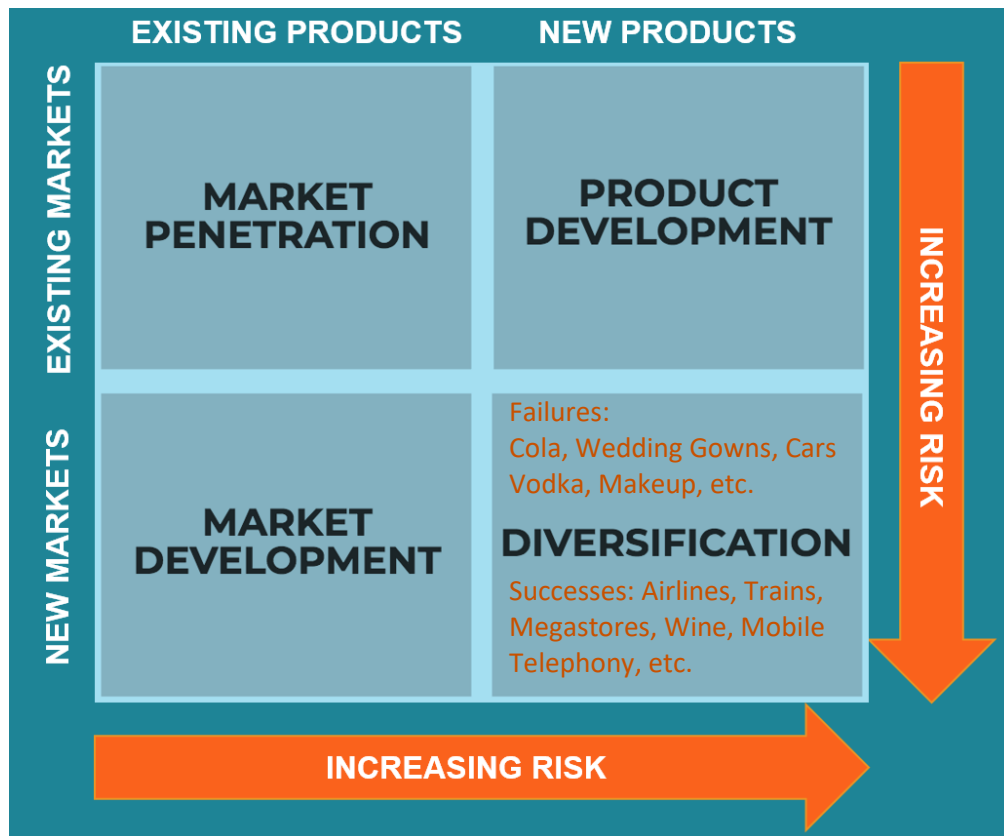
Red, Purple, and Blue Ocean Strategies of Virgin Group

Celebrating Failure as an Entrepreneur

Most start-ups fail (Ries, 2011). Branson and Virgin are no strangers to failure. In fact, Virgin has had over 15 businesses fail in forays from makeup to vodka (Business Insider, 2016). Rather than fear it, they encourage and even celebrate failure. They inject the mindset into their employees that without trying something new and failing, it is virtually impossible to innovate and grow (Schwantes, 2017). What is important is how one deals with failure. Rather than be dismayed, Branson stays positive and as a true entrepreneur, sees it as an opportunity to pivot and capitalise on a different gap in the market (Business Insider, 2016).

Known as an adventurer, Branson equates adventure with entrepreneurship, as both involve risk (Sweet, 2018). In fact, a company cannot diversify without risk, and Virgin is one of

the most heavily diversified companies on the planet. According to the Ansoff Matrix, diversification is the riskiest strategy to take on, and that is where Virgin has normally sat, whether with related diversification such as various music ventures, or unrelated such as cola and wedding gowns. This risk has led to failure but it has led primarily to success, given Virgin's prosperity and continued dedication to new ventures.



Ansoff Matrix Applied to Virgin Group (CFI, 2020)

It is not risk that made the difference between success and failure, it is difference itself. According to Branson, Virgin normally enters a new industry only if it can offer something strikingly different that will disrupt the market. Not following this strategy is what led to what he called his worst decision ever, Virgin Cola (Nicholson, 2019). 'Differentiation Strategy involves uniqueness along some dimension that is sufficiently valued by customers...' (Johnson et al., 2018, p. 149) Even though taste tests showed a slight preference for Virgin Cola, it did

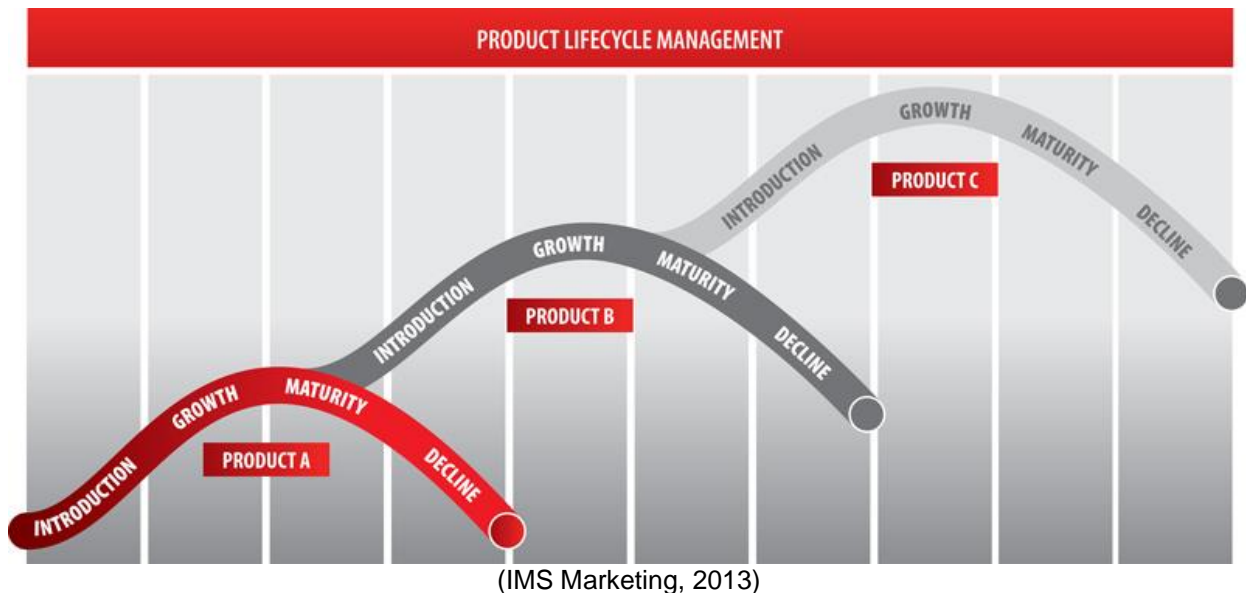
not differentiate itself and Branson himself admitted this was the main reason for its failure (Coleman, 2015).

Differentiation is key to disruption, and disruption is a key to Virgin's ethos. Burns (2018) describes disruption or disruptive innovation as 'introducing radically new products/services into existing markets' in a way that will confound the competition. Not only did Virgin not disrupt the cola market, Coke easily crushed the new entrant by striking deals with shops all over the UK and US to stop carrying their product. Virgin never even gained more than 0.5% of the market share (Topham, 2014).

So how has Virgin succeeded through its failures? Branson and Virgin control the narrative. They talk openly about failures and sell them as opportunities rather than setbacks. Journalist Gavin Esler reflects that 'the one key feature of every leader... is to be able to tell a story in order to have followers' (RSA, 2012). Branson has a smile on his face when he talks about businesses that didn't turn out the way he expected and reflects on what he learned from them or what good came from them. He controls his narrative because he knows if he does not, someone else will do it for him. If something is not working, no matter how dear the company is, Branson lets it go. As a true entrepreneur, he knows there will always be another opportunity coming around the bend.

Virgin Ventures Supporting the Entre/Intrapreneur

Virgin Group utilises its entrepreneurial diversification and product development to offset the product life cycle. Every product will pass through several recognisable stages: market introduction/development, growth, maturity and decline (Cao and Folan, 2011).



Virgin stays ahead of decline by constantly diversifying and innovating, introducing new products and ventures that keep the Group growing as older products and ventures decline. These ventures have traditionally come from inside the company, but realising that the next great innovation may not come from Virgin, Branson began an initiative to foster the entrepreneurial mindset even to those outside Virgin Group.


Virgin StartUp is a not-for-profit incubator that nurtures entrepreneurs across England to start, fund and scale their business. With the guidance and support of Virgin, entrepreneurs become intrapreneurs, having the freedom and autonomy of an entrepreneur within the support of a large organisation. By 2018, the organisation had supported over 11,000 UK-based entrepreneurs, with over £35m in pre-seed funding. StartUps are as diverse as Omolola Jewellery, The Clubhouse Coffee and Cycles and Fastcast Moulding (Virginstartup.org, 2020).

The Future of Virgin Group

The Virgin brand is highly associated with Branson's personal image. Whilst this has brought the group great success, the looming question remains: what is the future of the

company after his departure? How will the entrepreneurial mindset of Virgin continue once he is gone?

In order to have a sustainable image and ensure the entrepreneurial mentality lives on beyond Branson, he and Virgin Group have invested in exactly those two things: sustainability and entrepreneurship. With a focus on people and planet, Virgin Unite is a non-profit which 'unites people and entrepreneurial ideas to create opportunities for a better world' (Branson, 2020b). For example, one initiative of Virgin Unite is The Branson Centre of Entrepreneurship, Caribbean, a hub for budding entrepreneurs based in Kingston, Jamaica which recruits people who can act as socially minded changemakers in their communities. Virgin Unite is where Branson spends most of his time now. According to the Images of Managing Model (Palmer, Dunford and Akin, 2006), Branson has gone from a Director Image at Virgin Group and adopted a Coach Image at Virgin Unite, shaping capabilities in others with the intended outcome of doing good for people and planet.

		Images of Managing	
		Controlling (activities)	Shaping (capabilities)
Images of Change Outcomes	Intended	DIRECTOR 	COACH
	Partially Intended	NAVIGATOR	INTERPRETER
	Unintended	CARETAKER	NURTURER

The Six Images of a Change Manager (Palmer, Dunford and Akin, 2006)

These initiatives help to ensure the Virgin entrepreneurial mindset will live on long after Branson has retired, not just through Virgin Group, but through the countless businesses and initiatives around the globe Virgin has touched. It is the future of these initiatives that will carry forth Branson's 10 entrepreneurial leadership tenants that helped make the Virgin brand:

Branson's Guide to Successful Leadership at Virgin
<ol style="list-style-type: none">1. Follow your passions, but protect the downside2. Do some good3. Believe in your business4. Have fun5. Don't give up6. Listen more and talk less7. Make room for personal time through delegation8. Go out and meet people9. Communicate among all levels of your company10. Be happy

Leadership Values at Virgin Group (Business Insider, 2015)

Conclusion

Large conglomerates can be seen by the public as the enemy of the good, anti-environment, highly bureaucratic and out to squash the little guy. Yet Virgin has maintained the entrepreneurial mindset throughout its growth and expansion which is why it is a brand so highly supported. Where other companies struggle with this, Virgin has a corporate structure that encourages innovation at every level. Whilst Virgin has always had to maintain a financial mindset, it is not the money that has driven the company, it is the entrepreneurial spirit itself. This can be seen from the way Virgin parents its companies to their focus on employee empowerment, environmentalism and sustainability. Finally, Virgin StartUp and Unite ensure that the entrepreneurial mindset will continue to flourish by fostering innovation and entrepreneurship long into the future.

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