

## **Virgin Group Ltd**

Revised: June 30, 2004

The Virgin Group Ltd is founder and CEO Richard Branson's vehicle for operating more than 200 businesses in entertainment, retailing, travel, financial services, wireless phones, and so on. The self-described Virgin Story (from Virgin's web site) includes:

Virgin -- the third most recognised brand in Britain -- is now becoming the first global brand name of the 21st century. We're involved in planes, trains, finance, soft drinks, music, mobile phones, holidays, cars, wines, publishing, bridal wear - the lot! What ties all these businesses together are the values of our brand and the attitude of our people. We've created over 200 companies worldwide, employing over 25,000 people. Our total revenues around the world in 1999 exceeded £3 billion (US\$5 billion).

We believe in making a difference. In our customers' eyes, Virgin stands for value for money, quality, innovation, fun and a sense of competitive challenge. We deliver a quality service by empowering our employees and we facilitate and monitor customer feedback to continually improve the customer's experience through innovation. ...

Once a Virgin company is up and running, several factors contribute to making it a success. The power of the Virgin name; Richard Branson's personal reputation; our unrivalled network of friends, contacts and partners; the Virgin management style; the way talent is empowered to flourish within the group. To some traditionalists, these may not seem hard-headed enough. To them, the fact that Virgin has minimal management layers, no bureaucracy, a tiny board and no massive global HQ is an anathema.

Our companies are part of a family rather than a hierarchy. They are empowered to run their own affairs, yet other companies help one another, and solutions to problems come from all kinds of sources. In a sense we are a community, with shared ideas, values, interests and goals. The proof of our success is real and tangible.

The random capitalization is from the original.

As of 2000, Virgin had 30,000 employees. The company has been private since 1988.

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## Questions for Analysis

You have been hired by Branson to advise him on his business portfolio. You are to (a) lay out the advantages and disadvantages of having a wide range of businesses and (b) make a concrete recommendation on how to manage this portfolio going forward.

Questions to think about: What is the logic for combining such unrelated businesses in one firm? Are there limits to the kinds of businesses Virgin might enter? Is it really one firm? (This is an “angels on the head of a pin” question, but interesting nonetheless.)

## Additional Information Sources

Virgin’s web site: <http://www.virgin.com/>

Hoover’s Online (see capsule and profile): <http://www.hoovers.com/>

## Notes

*David Backus and Luis Cabral prepared this case for the purpose of class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. © 2001 David Backus and Luis Cabral.*