



# Case: Virgin – Richard Branson

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# Richard Branson

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- Sir Richard Charles Nicholas Branson
  - born July 18, 1950 in London
- Branson is the seventh richest citizen of the United Kingdom,
  - estimated net worth of \$4.9 billion (U.S.)
  - <http://www.forbes.com/profile/richard-branson/>
  - [http://en.wikipedia.org/wiki/Richard\\_Branson](http://en.wikipedia.org/wiki/Richard_Branson)
- Severe Dyslexic (like me!)
  - on his last day at school, his headmaster, Robert Drayson, told him he would either end up in prison or become a millionaire
    - Richard Branson. "At school I was dyslexic and a dunce.", *The Times*, London, 11 September 1998, pg. 19
- "There is no point in starting your own business unless you do it out of a sense of frustration."
- Helped form and fund "The Elders" with Nelson Mandela and others who were devoted to helping to solve world problems



- At the age of sixteen his first business venture was a magazine called Student.
- In 1970 at the age of 20, he set up a mail-order record business.
  - Branson started his record business from a church where he ran The Student magazine. Branson interviewed several prominent personalities of the late 1960s for the magazine including Mick Jagger and R. D. Laing. Branson advertised popular records in The Student and it was an overnight success.
- In 1972, he opened a chain of record stores, Virgin Records, later known as Virgin Megastores.
  - Convicted of tax evasion for selling records taxed at the export rate.
- Branson's Virgin brand grew rapidly during the 1980s, as he set up Virgin Atlantic and expanded the Virgin Records music label.
  - He picked the name “Virgin” since he and his partners were all new to business.
  - Earning enough money from his record store, Branson in 1972 launched the record label Virgin Records with Nik Powell and bought a country estate north of Oxford, in which he installed a residential recording studio, The Manor Studio.[15] He leased out studio time to fledgling artists, including multi-instrumentalist Mike Oldfield, whose debut album Tubular Bells (1973) was the first release for Virgin Records and became a chart-topping best-seller.[16]
  - Virgin signed such controversial bands as the Sex Pistols, which other companies were reluctant to sign. It also won praise for exposing the public to such obscure avant-garde music as Faust and Can. Virgin Records also introduced Culture Club to the music world. In 1982, Virgin purchased the gay nightclub Heaven. In 1991, in a consortium with David Frost, Branson made an unsuccessful bid for three ITV franchisees under the CPV-TV name. The early 1980s also saw his only attempt as a producer—on the novelty record, "Baa, Baa, Black Sheep", by Singing Sheep in association with Doug McLean and Grace McDonald. The recording was a series of sheep baa-ing along to a drum-machine-produced track and reached number 42 in the UK charts in 1982
- In 1992, to keep his airline company afloat, Branson sold the Virgin label to EMI for £500 million.[18] Branson said that he wept when the sale was completed because the record business had been the very start of the Virgin empire. In 1996 he created V2 Records to re-enter the music business, owning 5% himself.<sup>1</sup>

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- Virgin Records->Virgin Megastore->Virgin Atlantic Airways->Virgin Trains->Virgin Galactic
  - Branson formed Virgin Atlantic Airways in 1984,
    - 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.
  - launched Virgin Mobile in 1999, and
  - Virgin Blue in Australia (now named Virgin Australia) in 2000.
  - Virgin Trains: In 1993 he founded Virgin Trains, one of his riskiest enterprises, and got the franchises for parts of British Rail.
  - Virgin Galactic: On 25 September 2004, Branson announced the signing of a deal under which a new space tourism company, Virgin Galactic, licensed the technology behind Spaceship One—funded by Microsoft co-founder **Paul Allen** and designed by legendary American aeronautical engineer and visionary **Burt Rutan**—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.
  - July 2012, Branson announced plans to build an orbital space launch system, designated LauncherOne.

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- 2007: Helped form and fund “The Elders” with Nelson Mandela and others who were devoted to helping to solve world problems
  - 1999: founding sponsor of the International Centre for Missing & Exploited Children ("ICMEC"),
    - mother Eve became a founding member of ICMEC's Board of Directors
  - 2008: Global Zero (campaign), a non-profit international initiative for the elimination of all nuclear weapons worldwide.
  - 2009: Carbon War Room –to fight global warming
  - 2007, Virgin Earth Challenge -award \$25 million to the individual or group who are able to demonstrate a commercially viable design that will result in the net removal of anthropogenic, atmospheric greenhouse gases each year for at least ten years without countervailing harmful effects. with: Al Gore, Sir Crispin Tickell, Tim Flannery, James E. Hansen, and James Lovelock.
  - He also launched Virgin Startup, for the UK’s Start Up Loans program. Through this new organization, he will provide loans to entrepreneurs between the ages of 18 and 30 UK-wide.
    - A pilot of the scheme, which ran over 11 months, injected £600,000 into 100 businesses

## Branson lives on Necker Island and has given up his British residency.

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- Branson's business empire is owned by a complicated series of offshore trusts and companies.
- If he were to retire to his Caribbean island and liquidate all of this, he would pay relatively little in tax.
- “I have not left Britain for tax reasons but for my love of the beautiful British Virgin Islands and in particular Necker Island which I bought when I was 29 years old, 34 years ago as an uninhabited island on the edges of the BVI. Over that time we have built our home there, a place where my family and I are able to truly relax.
- “Seven years ago we decided to move permanently to Necker as we feel it gives me and my wife Joan the best chance to live another productive few decades. We can also look after our health (Joan is approaching 70 and I’m not far behind).



# Questions

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- How do you view Richard Branson? As a great entrepreneur? As a ruthless capitalist? As a generous philanthropist?
  - What do you see that Branson has in common with some of the other entrepreneurs that we looked at earlier in this course?
  - He built a global empire. What kinds of political challenges did he face in working across borders?
  - Could you imagine Richard Branson having instead taken a path that made him a mid-level manager in a major British company/ Why or why not?
  - What do you think are Branson's major sources of motivation? Rank them in order of what you think are the greatest to the least.
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- [http://www.slate.com/articles/business/how\\_failure\\_breeds\\_success/2014/05/richard\\_branson\\_tax\\_fraud\\_how\\_a\\_youthful\\_indiscretion\\_helped\\_create\\_a\\_billionaire.html](http://www.slate.com/articles/business/how_failure_breeds_success/2014/05/richard_branson_tax_fraud_how_a_youthful_indiscretion_helped_create_a_billionaire.html)
  - <http://www.telegraph.co.uk/finance/businessclub/10376341/Ive-been-a-tax-exile-for-seven-years-says-Branson.html>