**HOW TO SHOOT YOURSELF IN THE CAN**

While the Netflix story is one of the more recent examples of failing to look at a business from the

outside in, in the annals of blinkered decision-making it is by no means the most incredible. That

honour must surely belong to the Coca-Cola Company. ‘Coke’ is not just one of the world’s biggest

selling and most recognisable brands but it has fiercely loyal customers – as we discovered when we

tried to go up against them with Virgin Cola – or ‘Virgin Coke’ as I was prone to calling it until

several of our lawyers suggested I might be wise to cease and desist!

Unfortunately for us, Virgin Cola never succeeded in wreaking one tenth of one per cent of the

damage to Coca-Cola that they managed to inflict upon themselves in the mid-eighties. I am usually a

believer in the ‘if it ain’t broke, fix it anyway’ school of thought, but what happened with the ill-fated

introduction of ‘New Coke’ was, as someone described it at the time, ‘Like trying to improve the

Mona Lisa’s smile by painting over it.’ On 23 April 1985 – a date that will forever ever live in fizzy

drink infamy – Coca-Cola surprised the planet by suddenly introducing their ‘New Coke’ and

simultaneously ceased production of the original formulation. This was no ordinary drink they were

messing around with – I read somewhere once that 10,000 Cokes are consumed around the world

*every second* of every day! With that kind of a following it was hardly surprising that the reaction

around the Coke-drinking world to the New Coke’s coming was nothing short of seismic.

It was a textbook case of just how flawed a strategy it can be to place too much reliance on

assuming the customer knows what they want. The guys in the white lab coats at Coke had conducted

extensive blind taste tests with existing customers and others, all of whom had apparently indicated a

strong acceptance (if not necessarily a preference) for the planned New Coke’s slightly sweeter

formulation. Of course, these tests had been conducted in somewhat of a vacuum and none of those

contributing to the shocking result had been asked, ‘We are glad you like this, now how would you

feel about it replacing the Coca-Cola that you’ve loved all your life?’

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CHECK YOURSELF OUT

I tried pulling this stunt myself once but it didn’t work out too well. I am so pathetically bad at

imitating someone else’s voice that Penni, my trusty assistant for many years, sat there and let me

make a complete fool of myself with some trumped-up complaint before saying, ‘Well, thank you so

much for sharing all that with me, sir. Let me see if Mr Branson is available to take your call.’ She

then kept me hanging on for what seemed like an eternity – it was probably a couple of minutes –

before coming back on the line to say, ‘Sorry, Richard, but you appear to be out of the office at the

moment, can someone else help you?’ before dissolving into howls of laughter. But give it a shot – I

am sure you’ll be able to make a much better job of it than I did.

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Paradoxically, my old English teacher at Stowe School

would probably have described Sir Humphrey as ‘the quintessence of verbosity and polysyllabic

pomposity’, which we always joked would have been a fair description of that particular teacher as

well!

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After seeing the movie *Reach for the Sky* (several times), which told the legless

Bader’s incredibly heroic story, I remember asking my father about the RAF motto of ‘*Per Ardua ad*

*Astra’.* When Dad told me that it meant, ‘Through Adversity to the Stars’, my impressionable young

brain seized on to it as the most inspirational thing I’d ever heard. There was something incredibly

compelling about the notion of battling one’s way to the stars no matter how difficult the challenge.

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So, don’t believe anyone that tries to make blanket statements to the effect that entrepreneurs are or

are not well suited to the task of running the companies they created. The inescapable fact is that no

two people and no two companies are alike and even then circumstances and economic conditions

can complicate any given scenario. If they persist in pushing for an opinion, then I would simply

respond by saying, ‘Do the names Steve Jobs and Larry Page mean anything to you?’

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A million dollars of advertising buys you very little these days – in 2013 in the

US a single thirty-second ad during the Super Bowl cost advertisers a cool $4 million! Blink and you

missed it.

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As my

father used to say, ‘It’s not the hours you put in that matter, it’s what you put into the hours.’

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| **CHANGE THE POLICY – TO NO POLICY**  I wrote in Chapter 3 about how one very ill-advised marketing decision seriously damaged video  rental firm Netflix and decimated their stock almost overnight. Happily they recovered from it, got  back on track, vanquished their one-time giant rival Blockbuster and are now once again flying high  as the runaway market leader in the streaming video sector. One clue as to how they intend to remain  there this time comes from a very well-advised and downright courageous initiative they adopted that  rewrote the book – or to be more precise, threw it away – on something very near and dear to the  hearts of most workers around the world: their annual vacation day entitlement.  I first learned of what Netflix was up to when my daughter Holly read a *Daily Telegraph* article  and immediately forwarded the piece to me with a clearly excited email saying, ‘*Dad*, c*heck this out.*  *It’s something I have been talking about for a while and I believe it would be a very Virgin thing*  *to do to not track people’s holidays.* ’ She then went on to say, ‘ *I have a friend whose company has*  *done the same thing and they’ve apparently experienced a marked upward spike in everything –*  *morale, creativity and productivity have all gone through the roof.*’ Needless to say I was instantly  intrigued and wanted to learn more.  The *Telegraph* article talked about the new vacation policy that has been adopted by Netflix,  which might actually be more accurately described as being, well, no policy! It’s a little bit like when  you read that someone is offering a ‘zero per cent interest rate’. If there’s no interest can it really be  called an interest rate? Anyway, simply stated, the policy-that-isn’t permits all salaried staff to take  off whenever they want for as long as they want. There is no need to ask for prior approval and  neither the employees themselves nor their managers are asked or expected to keep track of their days  away from the office. It is left to the employee alone to decide if and when he or she feels like taking  a few hours, a day, a week or a month off, the assumption being that they are only going to do it when  they feel a hundred per cent comfortable that they and their team are up to date on every project and  that their absence will not in any way damage the business – or, for that matter, their careers!  The Netflix initiative had been driven by a growing groundswell of employees asking about how  their new technology-controlled time on the job (working at all kinds of hours at home and/or  everywhere they receive a business text or email) could be reconciled with the company’s oldfashioned  time-off policy. That is to say, if Netflix was no longer able to accurately track employees’  total time *on* the job, why should it apply a different and outmoded standard to their time *away* from  it? The company agreed, and as its ‘Reference Guide on our Freedom and Responsibility Culture’  explains, ‘We should focus on what people get done, not on how many hours or days worked. Just as  we don’t have a nine-to-five policy, we don’t need a vacation policy.’  It is always interesting to note how often the adjectives ‘smart’ and ‘simple’ describe the cleverest  of innovations – well, this is surely one of the simplest and smartest initiatives I have heard of in a  long time and I’m delighted to say that we have introduced this same (non) policy at our parent  company in both the UK and the US, where vacation policies can be particularly draconian. Assuming  it goes as well as expected, we will encourage all our subsidiaries to follow suit, which will be  incredibly exciting to watch. |

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| **LIVING IN A MOBILE CELL**  I have one very successful friend who is a senior partner in a big financial services firm as well as being the mother of two young children. She became so perplexed by the never-ending volume of spurious weekend emails that she put a weekend auto response message on her business email that says, ‘*I am away from the office until Monday attending to my other full-time business – my family. If this message is about something that cannot wait, then I suggest you call or text me, otherwise I will get to it on Monday.’* If like me you have ever been on the receiving end of her message, you’ll know who she is, but it seems the reaction has been terrific and she hasn’t had a single negative comment or any significant incidence of weekend business calls. |

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**PASSION IS INNATE**

Over the years the Virgin group of companies has been very fortunate in identifying a steady stream

of passionate business leaders. Many come from outside the Virgin family but some are ‘homegrown’,

like Brett Godfrey who started Virgin Blue in Australia. Brett is an Australian who after about five

years with Virgin Atlantic moved over to the finance area at Brussels-based Virgin Express, a

relatively short-lived European airline we operated in the mid-nineties. I’d never met Brett but

started hearing nothing but good reports of his steadying influence on Virgin Express’s multiple

problems. For a ‘numbers guy’ he had the reputation of being a really good people person, which was

something we desperately needed to unite the staff, having gone through three CEOs in a little over

twelve months. With all the uncertainty and constant changes of direction at Virgin Express,

inevitably the spectre of unions had raised its ugly head; something that at the time had never before

happened in Virgin. And it was in fact the union leadership that came to me to suggest that ‘the

Australian’ was by far and away the best candidate for the vacant CEO job. I was a little concerned

as to their motives – did they perhaps want Brett because they thought he’d be a pushover? – but we

decided to give him a shot and initially slotted him in as acting CEO.

We knew quickly we had made the right choice. Brett soon managed to get the unions onside and in

so doing sidestepped a total meltdown and stabilised the situation. Apart from the fact that I have

never been a fan of ‘acting’ roles, it seemed a no-brainer to ask Brett to accept the CEO position on a

permanent basis. Normally offering a CEO role is something that generates an excited response but in

this instance Brett looked very awkward and almost embarrassed as he responded with, ‘Erm, well,

sorry, Richard, but I am going to have to say no as my wife and I have decided it’s time for us to take

our two boys back home to Australia.’

Nobody had anticipated this response so I was shocked and more than a little disappointed, but

admired him for putting his young family in front of his career. It was then that, according to Brett, I

uttered the words that were to change his life for ever. All I said was, ‘Okay and if there’s anything

you would like to do in Australia be sure and let me know.’ To which with a big smile Brett

responded, ‘Well, actually, Richard, I am glad that you asked as there is one thing I’d very much love

to discuss with you!’

It was only then that I learned that Brett had been working diligently for five years on a business

plan to start an innovative new domestic airline down under. It seemed he’d been seeking investors

for several years and without my knowledge had already pitched it to the Virgin executive team who

had rejected it. As I would learn, their rejection of the project was based on a mixture of

conventional wisdom and standard accounting and, at a glance, seemed like a very rational decision.

Of course, my personal brand of ‘wisdom’ has seldom been known for its rationality. So much so that

one of many things I’ve been called over the years is ‘The ultimate don’t-confuse-me-with-the-facts

man’ – something perhaps spurred by my legendary inability to read complex balance sheets. So

when Brett gushed out an excited overview of his Australian airline’s business plan, my immediate

take on it was more instinctive than by the book – a book that I have never really read.

More importantly, however, what I detected in Brett that day was something that the executive team

had clearly overlooked: a passionate belief in the need for and viability of what he was proposing. It

was also outrageously reminiscent of the opportunity we’d seized upon fifteen years earlier with

Virgin Atlantic – a plan that my colleagues at Virgin Records had unanimously condemned as utterly

outlandish! Brett saw a crying need for a new disruptive airline model in the stagnant Australian

market and the passion I saw in his eyes when talking about his vision sold me on taking a serious

second look at it. Given the nod, it didn’t take Brett long to successfully reaffirm some of his business

plan’s bold projections and we were off to a flyer. Our initial $10 million investment to start what

would become Virgin Blue – now rebranded Virgin Australia – turned out to be one of the smartest

we have ever made. Putting it differently, I suppose, with tongue firmly in cheek I could say it was a

classic case of, ‘Screw It, Let’s Blue It.’ Sorry!

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**A PIONEERING TALE**

Several Virgin companies have been making concerted efforts to support burgeoning entrepreneurs.

For example, working closely with Virgin Unite, Virgin Media decided it had all the tools to offer

meaningful online assistance and so in 2010 launched VirginMediaPioneers.com. This has spawned

an incredible online community of enterprising young people using videos and blogging to help young

entrepreneurs share their ideas and experiences. The Pioneers programme also has real (live) people

there for participants to talk to, network with, collaborate with and get tips from. The online video

channel Pioneers TV brings it all to life with Pioneers’ spotlights and behind-the-scenes insights into

all kind of industries. In the real world there are also free events for training and face-to-face

networking as well as contests and competitions that will help entrepreneurs get experience and build

their profiles. I have been thrilled to take part in several events where I’ve had the opportunity to sit

down with some of our Pioneers and let them pitch their projects and discuss their hopes, aspirations

and fears.

One of the more amazing tales of success that we use to inspire Virgin Media Pioneers is that of

Londoner Jamal Edwards who now frequently attends VMP events to share his experiences. His story

began when at age fifteen his mother gave him a digital video camera for Christmas. He started

filming clips of his friends rapping and posting them on the newly emergent YouTube. When people

started to follow Jamal, he next started poaching interviews with rap artists outside clubs and adding

them to his YouTube content. Seeing the niche he was filling, at sixteen he launched his YouTubehosted

SB.TV online music channel. Jamal was on his way. Now, at just twenty-two, his millions of

followers have translated to millions in the bank and Jamal has become a youth broadcast sensation.

He is accredited with giving several new stars like Ed Sheeran their starts on SB.TV and I have to

say that looking at Jamal’s emergence on the scene gives me some déjà vu shivers, as in so many

ways it’s like a digital era remix of my roots with *Student* magazine and Virgin Records. Go get ’em,

Jamal, you are an inspiration to millions of young entrepreneurs!

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Sadly, the person that the record shop man named happened to be someone we considered to be

one of our brighter young A & R people and, much as I dislike these kinds of confrontation, on this

occasion I had no option but to haul him into the office and repeat what I had just been told. The poor

guy went bright red and was clearly horribly embarrassed but he made no attempt to deny or defend

his actions, opting instead to simply apologise profusely and say there was really no excuse for his

behaviour. Rather than firing him on the spot, however, as he had every right to expect, on the spur of

the moment I opted instead to tell him that although he had let himself and the company down very

badly we were going to give him a second chance. The look of stunned amazement on his face said it

all, and from that day on he worked his socks off for us and went on to have a stellar career,

personally discovering some of Virgin Records’ most successful artists along the way – Boy George

being just one of them.

When it comes to needing a second chance, however, nobody needs it more than ex-prisoners who

are looking to restart their lives after they have served their time. The sad thing is that if they are honest and tick the ‘criminal record’ box on an employment application form they’ll seldom get an interview, let alone a shot at landing the job. Ironically, the result tends to become one huge selffulfilling prophecy. When they can’t find employment, statistics show that fifty per cent or more of exoffenders take the seemingly easy way out and resort to crime as the only way to support themselves, and then quickly end up back inside.

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Now here is another snippet from the book:

“I very much doubt that my mother will remember saying it, but I certainly have never forgotten the sage advice she

gave me after a school cricket match. I loved cricket and was generally pretty good at it, but this had been a game in

which I had an uncharacteristically timid outing with the bat and before I’d contributed a single run I was clean

bowled for a duck! Driving home afterwards Mum surprised me with her cricketing wisdom when she said, ‘Ricky, as

I’m sure you’ll agree, that wasn’t really one of your better performances out there this afternoon. In future just

remember one thing: you’re guaranteed to miss every shot you don’t take.’

It was years later before I realized she had probably been talking about a lot more than just cricket!”

-- Richard Branson

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