

Smart Talk

Insights from
entrepreneurs

RICHARD BRANSON ON HIRING THE BEST



Smart Talk is a weekly column by successful entrepreneurs about their daily challenges. This week, Sir Richard Branson, founder of the Virgin Group, talks about the most important asset in his business – people – and why they've been key to his success.

● Every entrepreneur and business leader I meet is trying to uncover the same secret: what will help them grow their customer base and keep those clients loyal?

At Virgin, we have had our fair share of success stories over the years but also a few failures. I always look for patterns in both our achievements and our missteps and try to learn from them.

While it can be tough to compare companies across industries, also taking into account sizes and circumstances, I do believe that successful businesses have a number of qualities in common.

People are one of the most important assets of any business. The Virgin Group would be nothing without the great employees we have attracted over the years.

It is often said the most important factor in real estate investment is “location, location, location”. Well, I believe a key part of building a successful business is people, people, people.

Virgin has made its name by breaking into new markets and offering great value, superior service, a fresh approach and a bit of fun.

It is up to our staff to consistently deliver all those elements to customers, which means our airlines, for example, get their appealing personality from the cheerfulness – sometimes cheekiness – of the crew. Their confidence in reaching out to customers is in part due to our having selected the right leaders for our businesses.

We spend a lot of time finding the right personalities to run our companies. It can be challenging as we look for managers who take their roles seriously and lead by example but who are also willing to see the lighter side of life.

Try to avoid hiring status seekers, as they tend to distance themselves from their employees. Look for people who care passionately about the company and not simply their status within it. In my experience, they must want to build a business that all of its employees can be proud of – one that will look after its staffers and customers alike.

Of course, you can't get it right every time. When you do make the wrong

management decision, it's vital to act decisively. As the saying goes, “Rot starts at the top”.

How will you know when things are going wrong? In the early days at Virgin, I would give out my phone number to all our music company staffers and tell them to call me whenever they felt we were doing something really wrong.

This was key to our development as a business, both because it helped me to identify problems early on and, more importantly, because it let the employees know that management was ready to listen to them.

Fostering this kind of dialogue is essential if you want to build a company that will grow and thrive. Your staff will feel more valued and committed if they really believe you are listening to them, and you will benefit from hearing a lot of great ideas from the people on the front lines.

I also believe an aspiring entrepreneur needs to be confident, take risks and challenge the status quo – but also protect the downside. This means you don't bet the farm on every move.

That said, we have come close a few times. In the early 1980s, our music business was hit by the recession and we tumbled into the red.

A few years later, the combination of British Airways' dirty tricks campaign and the start of the Persian Gulf War forced us to sell Virgin Records to bail out the airline. On each occasion we took a calculated risk to expand our businesses out of trouble and it paid off.

Can you develop good judgment when it comes to risk and reward? Yes, that's a skill you can learn on the job but sooner or later you have to take the biggest risk of all: running a company according to your own judgment.

A big part of being an entrepreneur is simply giving new ideas a go but it is also about accepting failure and learning from mistakes – picking yourself up, dusting yourself off and trying all over again with a smile on your face! **BRW**

Sir Richard Branson is the founder of the Virgin Group and companies such as Virgin Atlantic, Virgin America, Virgin Mobile and Virgin Active.

Please forward questions for Sir Richard to brweditor@brw.fairfax.com.au. Include your name and email address and mention that you read the column in BRW.
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be nothing
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