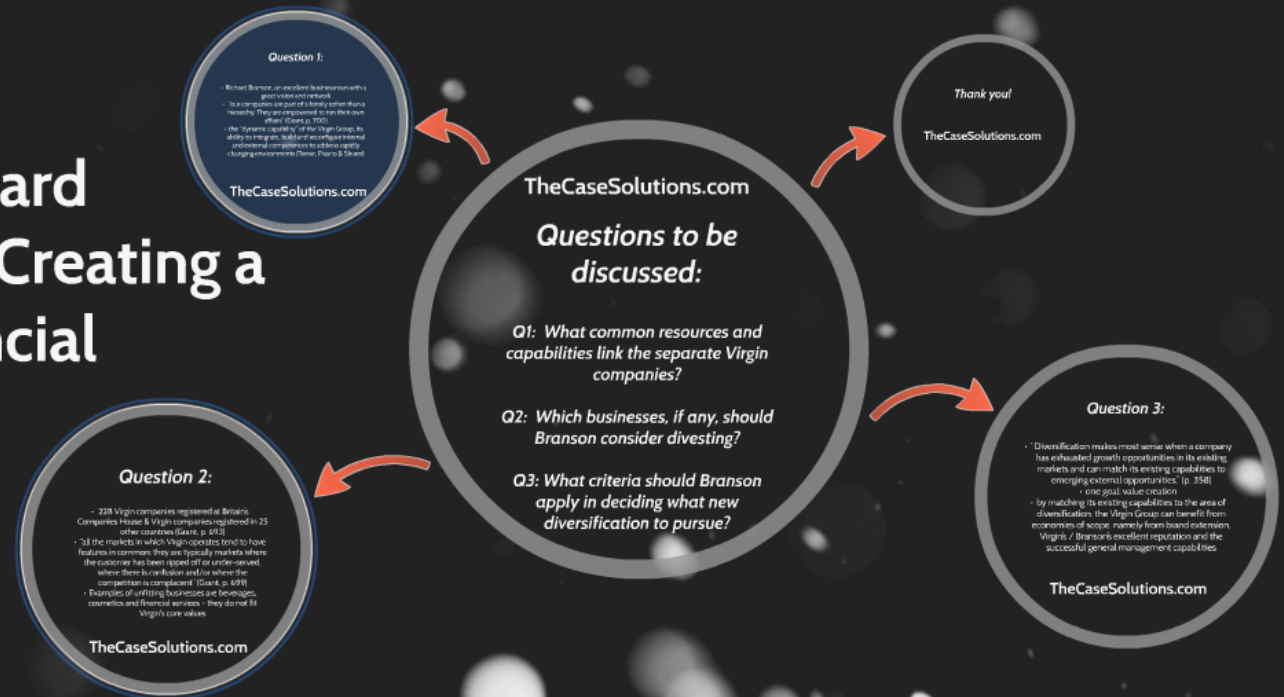




Virgin's Pursuit: Sir Richard Branson's Dilemmas in Creating a Presence in Retail Financial Services

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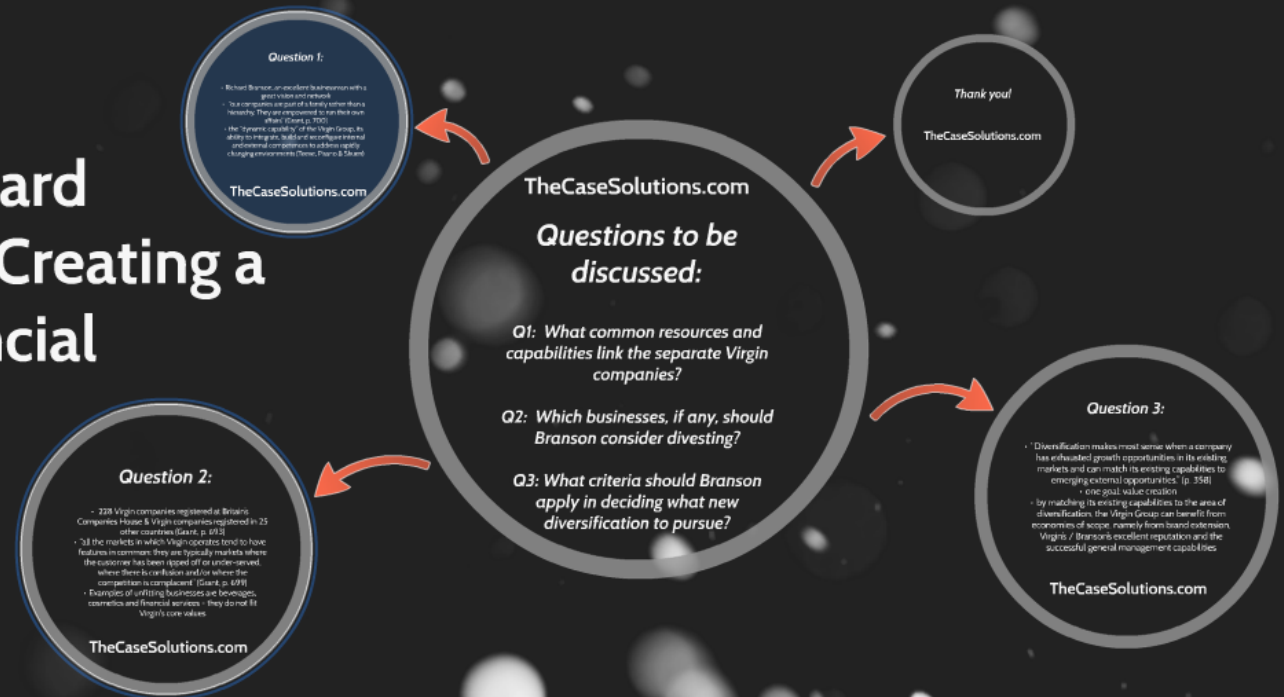




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Questions to be discussed:

Q1: What common resources and capabilities link the separate Virgin companies?

Q2: Which businesses, if any, should Branson consider divesting?

Q3: What criteria should Branson apply in deciding what new diversification to pursue?

Question 1:

- Richard Branson, an excellent businessman with a great vision and network
- “our companies are part of a family rather than a hierarchy. They are empowered to run their own affairs” (Grant, p. 700)
- the “dynamic capability” of the Virgin Group, its ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments (Teexe, Pisano & Shuen)

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Question 2:

- 228 Virgin companies registered at Britain's Companies House & Virgin companies registered in 25 other countries (Grant, p. 693)
- “all the markets in which Virgin operates tend to have features in common: they are typically markets where the customer has been ripped off or under-served, where there is confusion and/or where the competition is complacent” (Grant, p. 699)
- Examples of unfitting businesses are beverages, cosmetics and financial services - they do not fit Virgin's core values

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Question 3:

- “Diversification makes most sense when a company has exhausted growth opportunities in its existing markets and can match its existing capabilities to emerging external opportunities.” (p. 358)
 - one goal: value creation
- by matching its existing capabilities to the area of diversification, the Virgin Group can benefit from economies of scope, namely from brand extension, Virgin’s / Branson’s excellent reputation and the successful general management capabilities

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Thank you!

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