One of my favourite sayings is ‘Ninety per cent of life is just showing up’, because finding the courage to pursue your vision and start a new business often hinges on just that first step.

Once you’ve spotted an opportunity in a given sector, having the confidence to follow your dream and raise that first crucial bit of financing is often the hardest problem facing a budding entrepreneur. The following two mailbag questions reminded me of how I established some of my first businesses, and how I’d begin again if I had the chance.

Q: If you were twenty-four today and were given a budget of $3,000 to start a business, what kind of business would you choose? What if the budget were around $25,000?

– Alex Bodislav, Romania
A: That’s an easy one. It would definitely be some kind of web-based business, and I’m not sure it would make a difference if I had $3,000 or $25,000 to start out. You can build a very decent website for very little money and the thought and creativity that you yourself put into it is free.

As I have said before, my career began in the late sixties with my first business venture, Student magazine. I started by selling it one issue at a time, and selling the advertising from my school phone booth. Then I moved on to music. The publishing and music industries are struggling today due to the changes brought about by the Internet – but where there’s upheaval there’s opportunity.

Look at how Apple has revolutionised the music industry with iTunes, its online music store, and the iPod.

I may have indirectly been responsible for iTunes and the iPod, which, ironically, ended up killing our music stores. Back one April Fool’s Day, I pulled the music industry’s leg. I pretended that I’d set up a giant computer in the UK, where I had stored every music track on every label and that I was about to launch a device called a ‘Music Box’ that music lovers could use to download any track, wherever they were. The headline in Music Week was ‘Branson’s Bombshell: The End of the Industry’. I had music moguls – including Chris Blackwell of Island Records – ringing me, begging me not to do it. At lunchtime, I announced that it was an April Fools. Interestingly, Warner Brothers didn’t realise this and spent six months trying (and failing to) catch up. Steve Jobs told me he too read
the story and some years later thought, ‘why not give it a
go?’ The moral of the story is, if you’re going to do an April
Fool’s joke, follow up on it yourself. Anyway, such is the
genius of Apple’s designs and their hold on the consumer
that the company has taken the mobile phone market by
storm with its ‘you gotta get one of these’ iPhones. Then it
tackled the publishing world with the iPad.

A whole industry is growing up around designing apps –
games, magazines and booking engines – for these devices.
Successful app designers and publishers are already
making a fortune, the way publishing and music moguls
did in the sixties and seventies.

I have always been fascinated by all these forms of
content – music, books, television and film. Virgin has
invested in all of these industries, with mixed success. If I
were reborn as a 24-year-old, I would look at this area for
an ‘app-gap’ – a gap in the market or an opportunity to
shake up the leading players.

And today I would also think big: these days an
entrepreneur faces few geographical boundaries to success.
When I started Virgin, our projects were limited to the UK but
the development of the Internet has shrunk the world to a
more cosmopolitan, connected and accessible marketplace.

Q: What are the top three ways to find funding for a new
business?

– Pavlina Stoyanova, Canada
The first, and probably most obvious, is to borrow from your family and friends. This is high-risk, for if things go wrong you can lose not only a business but also a friend or the friendship of a family member. However, for many entrepreneurs this is the fastest and only way to raise start-up funding.

Over the years I have been lucky in that my family has been able on a few occasions to help me in a small way. In 1966 I was living in my friend Jonny Gems’ parents’ basement off Edgware Road in London. We were broke and struggling to get Student magazine off the ground.

But one day my mum, Eve, brought us £100 in cash. She had found a necklace on the roadside and taken it to the police. When nobody had claimed it after three months, the police told her she could have it. She knew we were out of funds, so she sold the necklace and gave us the money. That £100 paid our bills and kept us going for months. That necklace saved our necks!

The second option is to apply for a bank loan. From the beginning I tried to build my businesses by relying on my own resources and some bank debt. This allowed me to control the lion’s share of the equity until I felt we had the stable platform we needed to attract outside investors. In Virgin’s early expansion days we often lurched close to collapse because I was so reluctant to bring in outside equity. I felt our limited capital kept us focused on finding the next great act, and ultimately this was a real contributing factor to our success.
Lastly, if the bank won’t lend you the money on the strength of your idea alone, you have to have the faith and conviction to borrow against whatever assets you have, such as a flat – or, if you are lucky as I was, a friend’s or relative’s assets.

In the early seventies, I was looking to purchase The Manor, the Oxfordshire country house that would become our first recording studio: the asking price was £30,000 and I had put up £2,500, which represented every penny I had in the world. Much to my amazement I had also managed to persuade the bank to lend me £20,000, which still left me £7,500 short. That is, until my dear old Aunt Joyce stepped in.

It was an amazingly generous and risky gesture, and one that I may not have accepted had I known that she had mortgaged her own house to provide the capital. I did, however, gratefully accept it and bought The Manor, which soon became home to our first hit, Mike Oldfield’s brilliant instrumental, Tubular Bells. Virgin grew quickly from those shaky beginnings to become a successful business, and I made sure I paid back Aunt Joyce her £7,500 – with interest – as soon as I could!

There is, of course, another risk in accepting favours from family and friends, which, as any fan of The Godfather will know, is just what they might ask for in return. In my case, had she really wanted to push it, people might today be flying on ‘Aunty Joyce Airways’ ...
MORE WALKING
AND TALKING

Why is it so hard to pick up the phone? They are a lot smaller than they used to be, and these days, even non-tech-savvy types like me can call, text and email messages, sending files and photos around the globe with ease. Despite these advances, the quality of business communications has become poorer in recent years as people avoid phone calls and face-to-face meetings, I can only assume, in some misguided quest for efficiency.

I recently heard a senior manager defend his handling of a situation by saying, ‘I don’t know why they didn’t understand the issue. I must have sent a dozen lengthy emails on the subject in the last week.’ A brief conversation followed by a concise email to confirm the next steps would probably have settled matters within a few minutes, and saved him the trouble of writing those lengthy emails, and the complications that followed.
Another executive complained to me, ‘I’ve sent the guy a bunch of text messages. I know he’s there, so why isn’t he responding?’ Clearly it would have been better to pick up the phone or walk over to that person’s desk and discuss the matter face to face, a move that would have resolved the issue and immediately eliminated the growing tension.

In short, if these managers had tried walking and talking instead of typing and griping, they could have solved these problems quickly and easily, saving themselves time and effort.

Why not pick up the phone? As technology has evolved, so has business etiquette. People tend to rely primarily on email and text messaging because these communications are precise and less intrusive, while a phone call now signals that a matter can’t be solved by ordinary means. But there is nothing efficient about allowing a small problem to escalate.

To break down this new barrier to effective communications, make face-to-face employee contact part of everyday life in your office. The Australian term for it is ‘going walkabout’; many business management consultants call it ‘management by walking around’. Whatever you call it, it works, and if you and your senior staff aren’t doing it, you are missing out on one of the most inexpensive and effective management tools around.

I have always enjoyed getting to know people at Virgin companies. I find it a much better way to get a feel for what’s really going on than sitting in my office – okay, lying on my hammock at home – reading reports. As not everyone is outgoing, here are a few tips:
Be egalitarian. Don’t restrict your walkabout only to your area of the company; try to meet colleagues at (literally) every level – not just on the top floor! Go on your walkabouts at random times – you don’t want front-line employees thinking, ‘It’s three o’clock on Tuesday. He should be here any minute.’ If managers or department heads ask to tag along, politely explain that you will get to know people better if you are on your own.

When you meet an employee for the first time, be sure to shake hands and always introduce yourself by name, no matter what your position at the company. Keep it informal: ‘Hi, I’m John Brown’ is a lot less intimidating than ‘Good afternoon. I’m the chief financial officer, Mr Brown.’

Don’t restrict the conversation to work matters. If you notice a family photograph on a desk, a comment like, ‘I see you have a tennis player in the family? My kids love to run me ragged all over the court’ will help to break the ice.

Relax and have fun, ask questions and listen. Ask your colleague what she sees as her area’s strengths and stumbling points, and listen to her thoughts on the challenges the business faces. Jot down anything that strikes you as worthy of follow-up. (When I don’t have my notebook handy, I am notorious for writing reminders on my hands and arms.) If you have any news to share, provide a balanced view – positive developments as well as concerns. It’s less likely that shop-floor employees will know as much about the bigger picture, so they may need your help to put matters in perspective. But they will have ideas and opinions that can be every bit as
relevant as your own so listen up and take more notes.

Above all, try to catch employees doing something good – recognise and celebrate people’s strengths and achievements on the spot. If, however, you stumble on a problem, it’s far better to quietly bring the matter to someone’s attention later, rather than embarrass the staff member by having the head honcho calling them out in front of their peers.

One boss with no such qualms was Robert Crandall, the legendary leader of American Airlines in the 1990s. Bob used to love using the old dog sledding line that went, ‘if you’re not the lead dog the view never changes’. The irascible Mr Crandall would seem to have failed to recognise that in business it is the job of the lead dog to go out of his way to make sure that the rest of the team gets to see the bigger picture.

We have found at the Virgin companies that, when senior managers make the effort to foster relationships with employees and colleagues, a real community spirit results. So please get out of that ergonomically correct office chair right now – there’s no time like the present for a trial walkabout. It will get easier with practice.

If you need to explain your sudden presence in unfamiliar territory, you can simply say ‘Richard sent me’ – or then again, maybe not!