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Capitalism 24902

'I think fifteen years ago people started talking about corporate social responsibility and it was thin. It was a marketing strategy or something that the chairman said we had to do and people didn't buy it. This time round to me it feels like it's come from the grassroots up. It's come from the fact that everyone who works in business is also a citizen. We read the newspapers, we watch the news, we go and watch *An Inconvenient Truth*, we are aware of what's happening in the world. How can you then go about your day job and not care?' - Richard Reed, Innocent Drinks

I have always loved the question, 'How old would you be if you didn't know how old you are?' My answer to that would be 'in my twenties', although with her signature Glaswegian honesty, my lovely wife Joan would almost certainly add, 'No, Richard, you just act like you're in your twenties which is not the same thing.' Well, believe it or not I am in my twenties, it's just a question of the multiple that must be applied.

Contrary to many people of my age, however, I make a point of enjoying my birthdays and always attempt to do something

to make them memorable. This year was no different. (You're barking mad, says Joan, as I fly across the Pacific in a flimsy balloon, or hike in the Arctic Circle with a team of dogs.)

So there I was, one blustery day in August 2010, hoping nobody would notice that I was hobbling as I advanced with tender, bare feet, clutching my surf board, across a sharp shingle beach on the south coast of England. With my daughter, Holly, my son, Sam, my teenage nephew, Ivo, and other friends and family members – twelve in all – we were ready to kite-surf across the English Channel. The plan was to get a world record, and the man from *The Guinness Book of Records* was on hand to observe our attempt.

As dangerous enterprises go, kite-surfing a mere twenty-four miles from England to France didn't seem too difficult, particularly given my past apparently reckless efforts to kill myself. (Joan was determined not to be there while she became a widow during some of my more outlandish enterprises over the years. Usually she'd just take herself off home.) The weather was windy but the sun was shining when we waded into the choppy grey sea off Dungeness. I was looking forward to the challenge. Kite-surfing is my favourite sport. Nothing beats that glorious sense of freedom and the adrenalin rush you get as you skim across waves, powered by a beautiful kite soaring overhead. I would have preferred breaking the record in the azure seas of the Caribbean but to paraphrase the late Evel Knievel a challenge has to be risky, to be fun – doesn't it?

There was a force 6 gale blowing which was strong enough to give us a chance of getting the record. But, ten miles into

our journey, that had turned into a force 7 or 8 and the small chase boats had to turn back. Although I believed the kites could have made it without the chase boats, I felt it unwise to take nephews, nieces and kids across the busiest shipping lane in the world and we returned to land for the day. The next day the weather was worse, so while we waited for it to break we did a little sight-seeing around the ancient town of Rye where we were staying, with its cobbled streets, secret tunnels and the ghosts of smugglers.

The previous day we had provided refreshments on the beach at Dungeness for our family and friends and the local lifeboat crew. Shopping at Jempson's, a small grocery store in Peasmarsh near Rye, I'd been interested to see that they had a section labelled 'Local Heroes'. This displayed good locally grown and locally produced food, from seasonable vegetables, soft summer fruits, hand-picked on surrounding farms, to home-baked cakes, and cheeses, sausages, pickles and jams and English wines. They sold organic and they sold Fair Trade. What's more, the prices were impressively modest, compared with city prices or those of the big chain stores. This family-run grocery business, I learned, bought direct from a distribution cooperative, from south coast farmers and other small suppliers and, without high transport costs, passed their saving on to the customer. Everyone gained. The store gained customer loyalty and the customers got fresh, wholesome produce at a decent price. I also learned that the company supported a handful of small charities, sponsored and selected by the staff.

In this rural market town I'd come across a good example of how business should be run in a responsible way that gives back to the community and does its best not to harm the planet. This growing sense of change is bubbling up around us. I considered our recent adventures on the beach. Many of us had been wearing warm water-ski clothing made by Finisterre, a small company based in Cornwall on the far west coast of England. Finisterre's gear is ecologically and sustainably made from pure wool and the company is run along lines that reflect a social awareness. So in just a couple of days I had come across two classic models of successful companies that were doing well while doing good.

This is exactly what I am hoping to promote in this book: to find out why we need to change the way we do business, and how that might best be done. I have always tried to be socially aware and have always felt strongly that everyone should have the same chance to thrive in life, which is probably why all my businesses have always focused on giving everyone a 'fair go', as they say in Australia. After starting *Student* magazine while I was still at school, I went on to open a student advisory centre where young people could walk in off the street and get information to help with problems such as venereal disease, psychiatric problems, pregnancy issues and birth control. That centre evolved to provide free mental health support and it still exists in London, on Portobello Road, where it has provided a service for more than forty years. During the height of the HIV/AIDS crisis in 1987 we also set up Mates, a company that produced

condoms to be sold at a low price. Profits were ploughed back into building awareness about HIV/AIDS. We even got the BBC to run their first ever advertisements, a cheeky play on that nerve-wracking moment when a young man goes to buy condoms and is mortified at having to ask for them from the girl behind the counter. This is still one of my favourite campaigns as it really helped to build awareness, and was a good reminder for all of us that humour can often be a far better way to change behaviour than just trying to scare the hell out of people. If Martin Luther King's famous quote, 'I have a dream' had been 'I have a nightmare' it would never have been so successful.

As Virgin expanded, so did our ideas for treating the people who worked for us well, and for considering the environment. We've always had at our core a focus on our people and making sure that they are empowered to make decisions and feel part of a company that stands for something beyond making money. I've always believed that by taking care of people in my companies the rest will take care of itself. This can be something simple like allowing people to job share or giving them the chance to run their own show. This has worked for us and has also built a pretty special group of people around the world who are not only passionate about Virgin, but also about making a difference in the world. The great thing is that many entrepreneurial enterprises and businesses all over the world are now doing this instinctively and people everywhere are realising that they truly can make a difference every day, no matter how small the scale. In fact, a

good socially aware business doesn't have to be big to make an impact – it just has to have the right people in place. There are many small-scale businesses around the world – from the townships of Johannesburg, to the villages of India, to rural cheesemakers in France, to organic vineyards in Australia, to llama knitwear cooperatives in Ecuador – that are all changing the way business is done for the better. There are also some large multinational corporations that are starting to radically transform themselves to be a force for good. The people in all these organisations – large and small – have the combined power of a hurricane to effect change. It should no longer be just about typical 'corporate social responsibility' (or that horrible acronym CSR) where the 'responsibility' bit is usually the realm of a small team buried in a basement office – now it should be about every single person in a business taking responsibility to make a difference in everything they do, at work and in their personal lives.

The great thing is that, with technology, we've also become far more aware not just of what is happening in our own neighbourhood, but of what is happening on the other side of the world. This technology has also smashed through the top-down approach and shifted the power to the people. I've had the pleasure of working with Pam Omidyar who, along with her husband Pierre, the founder of eBay, joined us in providing initial funding and support for a project you will hear about later on called The Elders. A couple of years ago I was travelling in Morocco with Pam and Pierre, and Pierre's words about this new paradigm shift stuck with me.

He said: ‘Long-term sustainable change happens if people discover their own power. The key is moving the centre of gravity in the decision-making, moving it closer to people in the community, in the field, and so forth – and away from a centrally directed, top-down approach. For the first time in human history, technology is enabling people to really maintain those rich connections with much larger numbers of people than ever before.’

There are names for this new approach to business – from Capitalism 2.0 to philanthrocapitalism. None of them has yet captured the essence or the enormity and potential of this exciting new shift we need to make. At a recent Virgin Unite event we had a bit of a brainstorming session and, after a drink or two and much debating, came up with the name that we now use to describe this new type of business: Capitalism 24902. OK it may sound a little bit like *Beverly Hills 90210* but I assure you it is anything but. So, what on earth does that mean? Well, we started talking about how the name had to capture the new level of responsibility that each of us had for others in the global village and how this needed to be a movement that went beyond a handful of businesses or one country. When someone mentioned that the circumference of the earth is 24,902 miles, Capitalism 24902 was born! Very simple really, it does what it says on the tin – that every single business person has the responsibility for taking care of the people and planet that make up our global village, all 24,902 circumferential miles of it. For a long time I have been convinced that this is the way forward

if the planet as we know it, and life as we know it, is to survive. I'm not just talking about the disaster facing people and the planet because of climate change; I'm addressing one of the underlying reasons why the climate is changing and a significant threat to humanity – our rapid depletion of our natural resources. In the next couple of decades we could soon end up without oil, minerals, water or fish. Sadly, we are, as I write, already seeing the worst drought in sixty years in eastern Africa, causing monumental suffering in countries like Somalia. Unless we move to Capitalism 24902 rapidly, we are certain to see more wars on a wider scale as people fight over land, food, water and fuel.

This book has been seven years in the making. It's the story of my seven-year journey towards realising that, while business has been a great vehicle for growth in the world, neither Virgin nor many other businesses have been doing anywhere near enough to stop the downward spiral we all find ourselves in; and that in many cases, as demonstrated by the recent financial crises in the world, we have actually been causing that spiral to turn ever faster. We are all part of the problem: we waste, we squander and, to put it bluntly, we screw up. Natural resources are being exhausted faster than they can be replenished. In fact, not to put too fine a point on it, many natural resources – such as oil, forests and minerals – can never be replenished. Once they're gone, they're gone. Capitalism as we know it, which essentially started around the time of the Industrial Revolution, has certainly created

economic growth in the world and brought many wonderful benefits to people, but all this has come at a cost that is not reflected on the balance sheet. The focus on profit being king has caused significant negative, unintended consequences. For over a century and a half cheap labour, damaged lives, a destroyed planet and polluted seas were all irrelevant when set against the need for profit. But this is changing.

This is why a new kind of capitalism has slowly been gathering force in the last ten or twenty years. In the 1930s a back-to-the-land movement started; in the sixties and seventies, there was peace, love and brown rice and flower power. A modern green movement started in the eighties and early nineties, originating in Germany and Scandinavia, but it never grew sufficiently. Those movements focused on trying to fix pollution while turning to recycling and organic food as a healthy alternative. Lots of local little green cooperatives and organic smallholdings sprung into being. But few people allowed such developments to change their behaviour or stopped to ask, 'How will we survive when we run out of everything?' It's only fairly recently that we've realised that on a geographical scale minerals and other natural resources are being depleted alarmingly quickly. Many scientists believe that in some areas this will happen *in our lifetime*.

James Lovelock is one of those scientists. He is someone who has for years been brave enough to stand up and warn us about the dangerous path we are on. I was having lunch at James's home one day with my friend and colleague Will Whitehorn and he was saying that rather

than thinking about how we can continue to live on our 'host', the earth, we are rapidly killing it, which will eventually lead to our own demise. James's view is: 'A billion could live off the earth; six billion living as we do is far too many, and you run out of planet in no time.'

To understand why this depletion is taking place so rapidly, take a simple item that many people would probably struggle without – a laptop computer. The average laptop weighs about ten pounds, but it took more than ten pounds of raw materials to make. In fact, if you count everything processed and distilled into those ten pounds, your laptop weighs not ten pounds, not a hundred pounds, but a staggering *40,000 pounds*. It contains minerals extracted from mines, using incredible quantities of fuel, itself the product of drilling and mining. Year after year, our laptops become lighter and more powerful – but the ways raw materials are extracted and refined and brought together to make a product aren't much cleaner or more sophisticated today than they were forty years ago. This is changing.

William A McDonough has been a pioneer in working out how we reinvent the way we make things based on learning from our natural systems. I really clicked with his view that it's not about doom and gloom and stopping growth; rather, it is about making different things in a much smarter way by listening to and learning from Mother Nature. I was lucky enough to have him as a guest on Necker for one of our initial Carbon War Room gatherings. He gave an inspiring

talk and opened with these words: ‘Imagine a world in which all the things we make, use and consume provide nutrition for nature and industry – a world in which growth is good and human activity generates a delightful, restorative ecological footprint.’ All the guests sat mesmerised for the next hour as Bill took us through some work he was doing to show that urban architecture can combine the beauty of natural systems to make it far more effective, efficient and aesthetically beautiful, with zero impact on the environment. He showed us buildings that were alive with amazing vertical and roof farms, harvesting the sun for energy, fresh air and flowering plants everywhere. His strong belief is that the issue we’ve faced since the Industrial Revolution is one of design and that we have the opportunity to change this by learning from Mother Nature and her three billion years of research. I’ll share some stories about a few companies that are following this path later in the book.

Seven years ago, when my journey began, I thought I was doing reasonably well as an entrepreneur and as a caring human being. My business life was running smoothly and my personal life was very happy. I believe firmly in delegation and good people were running each of Virgin’s three hundred companies worldwide. These managers were so competent that on average it often took me just a few minutes each week on the phone, checking in with them. They could reach me at any time if there was a problem. I always try to see everyone during the course of a year. But, essentially, things were running so smoothly that on the

whole I felt very comfortable spending more time on my beloved Necker.

But something was missing. As I grew older it seemed that I wasn't making a big enough difference, particularly given my own incredible good fortune. I went from feeling content that things were going well in my life and in business, and satisfied that in many ways I was contributing to society, to realising that I hadn't even begun to scratch the surface of what needed to be done to help ensure the survival of the planet and life as we know it. I was also very aware that there was too much poverty in the world. Despite great affluence in some parts of the planet, in other parts people were still suffering and dying of famine and diseases such as malaria and HIV/AIDS. I had always wanted Virgin to be a strong role model of social entrepreneurship, but now I knew we would have to do more than lip service to help drive change and get everyone across all of our businesses to be part of that change.

Many good and very bright individuals are working hard, and have been doing so for some time, not only to warn people and governments that we can't continue to deplete the world's resources as if they are everlasting, but that we have to do something about it. But now *everyone* needs to add their voice and energy to stop the perfect storm building up ahead of us. All our combined voices and all our energy are needed if we're to make a real difference. And I have come to realise that this effort is actually good for business. It makes people and businesses better off. The good news is,

businesses that are taking this path are also starting to see the rewards, clearly demonstrated by some of the tracking being done by the global business tracking company FTSE: ‘Companies that consistently manage and measure their responsible business activities outperformed their FTSE 350 peers on total shareholder return in seven out of the last eight years.’

One of the people who helped crystallise the level of urgency and the scale of change that needs to happen was my good friend Peter Gabriel. Peter and I go back a long way, to when he was the front man in the band Genesis. Virgin signed Genesis in 1983, a couple of years before – with great sadness – I sold the label to EMI in order to raise capital for my fledgling airline. I’m pleased to say Peter and I remained friends. But during the years when I was working hard to develop Virgin as a worldwide company, Peter was marching to a different drumbeat. He became heavily involved with the peace movement. He was an early supporter of Amnesty International and pioneered and performed in all twenty-eight of their Human Rights Concerts. In 1986, he performed his hauntingly powerful song ‘Biko’ on the Amnesty *Conspiracy of Hope* tour. Steve Biko was a student leader who’d been involved with the Black Consciousness Movement (BCM). He’d coined the phrase ‘black is beautiful’ and ultimately gave his life to help stop the horrors of apartheid.

The song had – and still has – a huge impact, not least on Peter himself. He has called it a calling card, showing his

willingness to be heavily involved in strong social issues. It led to his involvement with World Music. It was the concept of World Music that revived a long-held conviction in him that if the world could be seen as a global village people would connect more. But he always said that he still didn't fully appreciate what a social entrepreneur was until about ten years ago – and, to be honest, neither did I. In the lyrics of 'Biko' were the words '*business as usual*', a phrase that came to have deeper resonance for me.

My mother, Eve, has always believed passionately in giving people a chance in life. When we first started our foundation, Virgin Unite, she was on a plane within days to kick-start an initiative in the High Atlas Mountains in Morocco to help young girls create their own grassroots businesses. When I was growing up, while I didn't necessarily agree with the concept, she was firmly of the philosophy that happy and healthy children were the ones who were kept busy running errands and helping neighbours. In those days, just after the Second World War, helping the neighbours or the community wasn't considered charity; it was normal behaviour. Charity did play a large part in everyone's life and those without were helped by those with, but more often than not it wasn't just a matter of dishing out money – our family wasn't well off and pocket money was in short supply – it was performing a service. We happened to live in a small, close-knit village in Surrey where everyone knew everyone else's business. My sisters were expected to help in the house, but if someone needed firewood chopped, a dog walked or a

garden weeded, I was duly dispatched to perform that task. If I finished a job sooner than expected, I was sent off again to do something else. Lounging around in bed – even, in my case, with a badly damaged leg in plaster after a sports accident at school – was just not on.

My first conscious act of charity was when I took off my clothes and gave them to a tramp. It happened to be in busy Oxford Street in the middle of London when with my mother and sister we were all walking along trying to flog armfuls of the very first issue of *Student* magazine. I didn't have a change of clothes handy, so I spent the rest of the day walking along a busy city pavement, wrapped in a scratchy blanket.

Mum shook her head despairingly, hiding a smile. 'Oh dear, Ricky, what will you think of next? You're not supposed to give your clothes away' – while Dad chuckled, 'Poor old tramp! All he wanted was some loose change and he got a set of infested clothes from you!'

At the time, I'd left Stowe when I was sixteen to start *Student* magazine (more on that later) and I and my friend and co-publisher, Jonny Holland-Gems were living in his parents' scruffy basement just off Oxford Street, practically starving, and I well remember each time my mother dropped in with a 'Red Cross' picnic hamper, she'd say, 'Have you washed recently?' Meanwhile, upstairs, Jonny's incredibly arty parents were entertaining the coolest people in London from most of the staff of *Private Eye* to the Garrick Club, many of whom wrote articles or granted us interviews. I'd

never lived in London before, never dreamed any of this would be possible. For me, a shy only-just ex-schoolboy, it was mind-blowing.

Yes, it was 1967 – the Summer of Love – and Jonny and I were suddenly part of the glorious fun-filled Swinging Sixties. Unbelievably, *Student* opened doors we'd never imagined would open to us. Mick Jagger welcomed us into his home in Cheyne Walk – and I went weak at the knees when I saw Marianne Faithfull lounging in the living room, though she did very quickly vanish upstairs under our drooling gazes. We interviewed John Lennon and started by spouting some nonsense about TS Eliot and *The Waste Land* being like *A Day in the Life* to impress him, and he said with his flat Liverpool twang, 'I don't know about that. Not very hip on me culture, you know.' But as well as interviewing icons, there were some incredible, iconic moments in the furore against the Vietnam War. I marched side by side through Central London with Tariq Ali and Vanessa Redgrave (both of whom gave us good interviews) to protest the war outside the American Embassy; and campaigned with as much fervour to raise money for starving orphans in Biafra, which was really when the terrible plight of famine victims and wars were becoming more widely known to the public. *Student* magazine was developing a very high profile in a very short space of time. It was making waves. I was having huge amounts of fun, but my future as a campaigner for the less well-off and against unjustness was also being forged, right there in the streets of London in the magical flower

power years and the fiery sixties when times were indeed a-changing.

Years later, as Virgin expanded and we started to see healthy profits, I wanted to find a mechanism by which we could use everything we had as a group of businesses to make positive change happen. I didn't want just to throw money at it; I wanted to offer targeted help and entrepreneurial thinking where it would be most effective, and I spent some time thinking about how this could be set up. At around about that time I met Jean Oelwang.

After university, Jean spent a few years helping to build a mobile phone company in the United States. Her job was increasingly high-pressured and exciting, but she felt something was lacking. She had always wanted to explore how to get the business and social sectors working together to help improve the lives of people who were not even being given a chance for a better life. Her solution to her frustration was to join VISTA, a little known organisation rather like a sort of domestic Peace Corps. She signed up for a year to work in a walk-in and live-in shelter, called Neon Street, for homeless young people who lived on the streets in Chicago.

It was a big wake-up call for Jean to discover that in the US almost two million young people experience homelessness every year. She hadn't realised that there were so many homeless youths living on the streets of America. None of the youngsters chose that way of life but they had no option. It was a big shock, too, to learn that some of those children fending for themselves were as young as twelve. Most of

them had escaped from gangs or from horrifying situations at home. Most of them were being abused at home, either sexually or physically, or their parents were into drugs. Now Jean had a new frustration: to shift the way that government, businesses and society worked together driving change. The current system simply wasn't effective. In fact, Jean felt the welfare system in the US was actually promoting the problem.

She returned to business and started helping to set up mobile phone companies in different countries around the world, from Bulgaria, to Colombia, to South Africa, and throughout Asia. In each country she watched as the mobile phone companies grew rapidly and became successful, yet when she dug deeper, everywhere she went she saw the same social issues, of poverty, homelessness and lack of opportunities for people to make their own living. Eventually, she arrived in Australia; it was then that her path crossed with Virgin's. We decided to set up a mobile phone company in Australia and tracked her down, telephoned her out of the blue and offered her a job.

Before long she had once again reached the point at which she wanted to get involved with an organisation that drove change – but her ideal job, a mix of the social and business sectors, didn't exist. She discussed this with Gordon McCullum, who was on her board. What she didn't know was that I had reached exactly the same place myself in my philosophical journey. I wanted to find a way that Virgin could help drive dramatic change to make the world a better place and to help people. I decided to establish a foundation

so that everyone working together within the Virgin Group could pull together, but at that point I had no real idea of what shape it would take or how it would operate for maximum effectiveness. One thing I didn't want was a philanthropic organisation that was run on the standard charity sector lines, where money was just handed out. There had to be a new way of doing things. I discussed it with the managers across the group, looking for ideas. One of the people I mentioned this to just happened to be Gordon McCullum. He told Jean she needed to write a plan and send it to me.

When Jean's plan landed in my hands I was immediately excited. Our thinking was fully aligned; we were as one in realising that there was a huge opportunity to take all the incredible entrepreneurial energy across the Virgin Group to make positive change happen in the world.

I telephoned Jean and said: 'Hello, it's Richard Branson. We're on. Come to London and let's do this.' What I didn't know until much later was that as soon as she put the phone down she danced around the room. She had found her dream job.

When Jean arrived in London we had plenty of long conversations about how we could turn typical corporate philanthropy upside down, moving away from solely the 'golden cheque' philosophy to becoming a true partner for front-line organisations and leveraging absolutely everything we possessed in order to drive change. We wanted every single person in the Virgin family to feel part of this community of change and to realise that every day, in everything they did they could be thinking about what was right for

people and for the planet. We also knew we wanted to do what Virgin does best and go out and find the gaps, issues that no one else would touch, so that we could work with partners to come up with entrepreneurial solutions.

As I have mentioned, I try to spend time with each of the Virgin companies during the course of a year. Jean shadowed me, and she also met up with everyone on her own over the next six months and spent loads of time talking to charities. Everyone was consulted. They were told that this foundation was for them, as a means of connecting with each other and then for them to link up with people across the planet in all areas, people who needed help not just to survive but to achieve their potential. We didn't tell them how we thought it ought to be shaped – but we asked them what *they* wanted to see and what *they* wanted from us. Everyone took it to their hearts. The name and logo, Virgin Unite, were even created by staff members. We then pulled the plan together and Virgin Unite was launched in 2004 at our annual company summer party at my home outside Oxford.

I explained that we wanted to do something radically different. Virgin Unite would not be just another 'charity', but it would become an integral part of Virgin Group philosophy and at the core of everything we did as a group. Over the course of some weeks, we received good feedback from the thousands of people who work for Virgin companies and the hundreds of front-line organisations we met with in order to truly launch Unite. They wanted Unite to be an engine that

connects people and entrepreneurial ideas to make change happen. This, then, was the beginning of the journey for many of the initiatives we will touch on in this book, and a whole new way of doing business for the Virgin Group. We recognise that this is likely a ‘never-ending journey’ and we are learning a great deal en route from many of the incredible people and organisations profiled in this book.

One thing I noticed about Jean and myself was that there was a bit of a philosophical collision. I have already stated I am not a believer in just handing out cheques; you should run charity like a business driving change. That is, I believe that most people, even the poorest and most deprived, don’t just want to be told what’s good for them; they want to be involved in helping to make their own lives better. Also, no matter how well-meaning you may be, you can’t always know what works best in other countries – local people know that best. Of course, Jean agrees with that but her passion had always been to find ways of bringing together businesses, governments and the social sector. She believes that Virgin’s businesses should themselves drive change. This philosophical collision actually proved very effective because it had a push–pull result whereby we ended up with something entirely new that mobilised our businesses and everything we have across the Group to make a difference. Being in the airline business we don’t have the vast funding that some of the newer technology start-ups have, so we also need to be more imaginative to make any funds go further.

As part of my work with Virgin Unite, I am also fortunate to have met many inspiring people who are at the forefront of these changes that are really at the heart of Capitalism 24902. As we've been on this journey with the Virgin businesses, we've learnt a lot from compassionate business entrepreneurs like Bill Gates and visionary social entrepreneurs such as Auret van Heerden, who played a role in ending apartheid, and Jeff Skoll, who started Participant Media and the Skoll Foundation, and Boudewijn Poelmann, who runs the Dutch Postcode Lottery, which has given many billions to good causes – and companies like Innocent Drinks in the UK and PUMA globally, about which you will hear more later in this book.

Once Virgin Unite was up and running I was immensely excited by the incredible entrepreneurial energy and the collection of people who were gathering around this new Virgin community, from leading business people to those in the social sector, philanthropists and governments working with Unite to form collaborations to help drive a new way of capitalism and new entrepreneurial approaches to global issues. The great thing is that this was not just coming from celebrities and well-known figures in the social sector: this community was a wonderful melting pot of people from all walks of life. What binds them is their willingness to listen to and learn from people on the front line to create new entrepreneurial approaches, and their firm belief that we should never accept the unacceptable. I was coming across many small examples of individuals prepared to expound

this philosophy all the time, and what was interesting about them was that they revealed a remarkable cross section of ideas. Successful entrepreneurship comes in many shapes and sizes and, as I tell those who ask me what my secret is (apart from saying I have no secret), there is no great mystique about it. Have passion for what you do; believe in yourself and your product and your customer; persevere; delegate; listen. Have fun. Today, I add – ‘Do good’. Ultimately, Capitalism 24902 is all about people, finding the right entrepreneurs to shift to a new way of doing business and getting every single person in the company excited about playing their part in making a difference. Here are a few stories which I hope will bring Capitalism 24902 to life, starting with the two small businesses I mentioned at the beginning of this chapter.

Jempson’s is the store I came across in Sussex during my attempt to kite-surf the Channel. It was founded by the Jempson family over seventy-five years ago. They started small, as so many do, with a tiny shop, and over the years gradually expanded, never outstripping their capital, their resources or their customer base. Now Andrew and Stephen Jempson are the third generation of the family at the helm. Their ethos and brand are very clearly defined and pretty laudable. They state: ‘We have sought to bring traditional, home-made foods to the public. Built on honesty and good value, our intention is to become the most prestigious food retailer in the UK in terms of innovation, design and fresh

food excellence ... This is our guarantee. This is our mission.'

But lest you think that only a tiny corner shop could possibly achieve this level of service, in their case they now have four stores, all in the same corner of the same county, Sussex, and serve 100,000 customers a week. They have achieved this by being passionate about their support for local farmers and producers, and currently have thirteen suppliers who are deemed Jempson's 'Local Heroes' who supply their stores with quality, fresh local produce and services, and they spend £3.5 million annually with this band of local producers and suppliers. They believe in good, honest, ethical trading supporting local producers and service suppliers wherever possible. They are also advocates of the Fairtrade Foundation. It is a very people-based business where local people are employed and trained on simple but effective apprentice schemes in-store, with traditional food counters run by skilled local butchers, fishmongers and bakers and not – as is so often the case – people who just work there for a pay packet.

The store's 'Go-Green' initiative is an on-going project. Jempson's scrapped the use of disposable bags and estimate that they prevent on average two million bags a year from going to landfill. Boxes received from suppliers are passed on to customers to carry their shopping in, and all plastic wrapping is collected and returned to the original supplier. Customers have the facility in-store to recycle batteries and carrier bags and there's a comprehensive recycling centre in their car parks. In addition, they operate a bus service that

runs daily, enabling those with mobility problems, families without access to a car or those who, in the current tough economic climate, find it too expensive to run their car to visit the store for their weekly shop. Through the Jempson Foundation they support local charities. I was interested to see that their model is very much like the one we are establishing with Virgin Unite. The staff join in challenges to raise funds and they willingly volunteer in many different ways in order to serve the community. Both Andrew and Stephen agree that doing good has increased their profits and brought new customers – the very philosophy that sits at the core of this book.

* * *

The world is full of extraordinary, heroic people doing heroic, extraordinary things. I think, however, that we can make the world better just by doing things differently, in a day-to-day, more or less ordinary way. This book isn't just about 'doing good'. It's about *doing better* – and it's about having fun on the way. One company that has 'Fun' at its core of branding is Finisterre, an award-winning, ethical clothing company that specialises in fabric innovation. Tom Kay, the founder of Finisterre, is a keen surfer and a small businessman with strong ethical values. He has lived by the sea almost his entire life, originally in Norfolk and now in Cornwall. He studied marine biology at university and afterwards, like many people, he went to London and found an average sort of job. But he started to think about

the things that were really important to him and how he could build them into his life.

Tom's idea was simple and, on the face of it, not particularly radical: to sell truly well-designed garments. That meant design, and craft, but also responsible and ethical sourcing. He says that's what the Finisterre brand is. 'You can put anything that's important to you into a brand. You can, and I think maybe you should.' He'd buy from local sources where possible and support manufacturing initiatives that helped people and the environment. They always have an eye, in everything they do, for ways in which they can support environmental causes based around the sea. They're not the first clothing company to try something like this – there are some big companies out there now doing great work – but when Tom and his sister started out they were the only surf brand addressing these issues, something which struck them as strange when you consider that surfers feel so connected to their environment and care a great deal about it. Eight years ago, British surfers were being fobbed off with non-durable, badly made products that would spill out of a factory somewhere with no information about the origin of the materials from which they were made. There was virtually no recyclable fabric out there and very few natural fibres. So that became Finisterre's niche.

'Niche' is an important word for the business entrepreneur. Identifying the brand and then the niche and knowing the customer are all crucial to success. Finisterre started with a warm, waterproof fleece. Something surfers could slip on

when they came out of the water and would get them as far as the car without dying of hypothermia. Tom didn't have any experience with this sort of thing, so he did all the initial testing on himself. According to Tom you can go a lot of the way on just blind optimism – and that is something I certainly identified with, having started *Student* magazine at the age of fifteen when still at school. Finisterre's products have since made it to Everest.

Tom Kay believes in involving customers and telling them what's in the clothing they're wearing, where it comes from and what its ethical qualities are. They get out regularly to share this message – again, much as I do with Virgin. If people trust the face behind the product, if you're open and honest with them and if they know there are no secrets, then they trust the brand.

Tom is clear on always delivering good value for money – that also protects the planet. 'Our stuff adds up. You can see where your money's going.' Eighty per cent of the carbon footprint of the garment is in its life – how often it's washed and reproofed, for example – so they try to make their garments long-lasting and relatively care-free. And they try to educate the consumer. If you're going to the trouble of buying an ethical product, you may as well look after it in a way that supports those values. And then, hopefully, when it finally gives out, they can help recycle it and close that loop. For the jackets, they have a great supplier who uses recycled polyester from Japanese workers' uniforms. Obviously they have to ship these from Japan (which is where most Japanese

workers are to be found), which adds something to the garment's carbon footprint, but they think it's worth it since the customer can return a worn-out jacket. It's sent back to the supplier, and the supplier turns it back into a brand new jacket by adding just a very small amount of virgin (small v) polyester. That's streets ahead of the old way of doing things: then one simply took fresh ingredients, wore them out and dumped them in some landfill. If you log on to Finisterre's website you can click on their traceability programme. You can trace their entire production process from there, see where stuff comes from, how it moves about the world and gets put together. If Finisterre expanded, would they preserve the character of this great little company? The brand is a vehicle for their passions and they are ambitious and have got where they are by innovating. In the future the challenge will be for them to remember that they innovated in response to real-world problems. If they do expand, they say they have to preserve the values that were there when they started, which was to make the best product with minimal environmental impact.

It's really pleasing to see these wonderful small businesses making a difference, but what about the responsibility of some of the larger ones? One of the companies that certainly has taken this challenge on board at the core of their business is Marks & Spencer. M&S, the huge UK-based retailer with £10 billion in annual revenue, with whom just about everyone in Britain is familiar, has set out to be the world's most sustainable retailer by 2015. In 2007, they launched Plan A (obviously because there is no Plan B!). This plan

is not just a simple advertising campaign with no teeth: it includes a dizzying and ambitious 180 commitments focusing on every aspect of their business, from decreasing waste through to the health and wellbeing of their staff and communities. With over twenty-one million customers visiting their stores each week and a supply chain consisting of tens of thousands of farms and factories, even a small shift as they ‘screw business as usual’ can have a dramatic impact.

M&S also put even more weight behind Plan A by allocating £50 million for an innovation fund. All these efforts are already paying off. As I write, they’ve achieved 95 of their 180 commitments and are on track for most of the others, including recycling 94 per cent of the waste generated by their stores, reducing carbon emissions by over 13 per cent, shifting to sustainable supply sources such as 90 per cent of the wild fish they sell. And the list goes on ...

Stuart Rose, then CEO of Marks & Spencer, and Mike Barry, Head of Sustainable Business, did not see this as a one-off marketing campaign; they saw it as a platform to deliver business outcomes and an opportunity to improve their bottom line – which it has done. Plan A was cost-neutral in its second year, made £50 million in 2009 and £70 million in 2010. Mike summed it up really well in an interview with the *Business Green* website in November 2010: ‘People are now getting the mindset that says, we’re not at the top of this little hill called Corporate Social Responsibility, we’re at the bottom of this big mountain called sustainability.’

* * *

I started this chapter talking about how people are really at the core of Capitalism 24902, so I want to finish by telling a couple of stories about some of the wonderful people we have in the Virgin Group who are making a difference every single day.

Jackie McQuillan has been working with us for eighteen years. She truly lives and breathes the Virgin brand and has helped me to build it. Back in 2003, during the Iraq war, I got a call from Jackie saying that she'd been contacted by a wonderful Iraqi gentleman (living in the UK) asking if we could help get medical supplies that his community had collected to the devastated people of Iraq. It just so happened that only the evening before I had been contacted by Air Marshal Brian Burridge asking if we could send a team from Virgin Atlantic to Basra to help to get the airport reopened. Watching the daily news bulletins it was becoming increasingly clear that hospitals had basically run out of life-saving drugs and the situation was now crucial. This was at a point when most people thought that the war was over and that the British troops would soon be coming home – so why not help get Basra airport opened but at the same time bring in a 747 packed full of vital drugs and medical equipment. Jackie, in her true, never-mind-the-bollocks style, decided that we had to do this relief flight, and she knew that I would be right behind her.

Over the next two weeks Jackie spent almost twenty-four hours a day on the phone to medical companies, the UK Defence forces, the British military and a whole host of other

characters to make the flight happen. If you have ever tried to get the Chief Executives of major pharmaceutical companies on the phone you'll know this is no mean feat – but, with a potent mixture of charm and persistence, she did and once she had them talking, they bent over backwards to help and provided the much needed medicines for the hospital. Once Virgin people have made a decision to help they don't hang about! We were truly astounded by the company's generosity and how quickly they galvanised their teams to get the supplies to us at Gatwick airport. Michael Burke and Serge Allsop-menist from Virgin Atlantic hotfooted it to Iraq and started working to help get the airport cleared and reopened for the flight – they didn't even blink at being sent into what was still effectively a war-zone.

So on Thursday 1 May we boarded a plane loaded down with 60 tons of medical supplies worth over £2 million and, along with some eminent Iraqi doctors (again, now living in the UK), we flew into Basra. When we landed, our pilot, Mike Abu-Nayla, an Iraqi national, burst into tears; this was the first time he had been back on Iraqi soil since he'd left as a young man. It was quite a surreal experience to enter a deserted Basra airport where the British troops were camped out and getting ready to leave (or so they thought at that time). We drove to the hospital and were all shocked by the desperate circumstances where children with severe injuries did not even have access to simple painkillers. Cancer patients had not been treated for quite some time, because when Saddam Hussein had realised war was imminent, he

had stopped vital supplies getting to hospitals. It was heart-breaking – these sights you never quite get on the evening news. Yes, every day we are bombarded with images of bombings and the hideous injuries inflicted by the horrors of war but what we rarely see are the effects that it has on people with cancer, premature babies that don't have incubators, the lack of heart defibrillators and ECG machines. The equipment needed in every hospital in the world to save lives on a daily basis.

As we made our way back to the aircraft, I could not help thinking how lucky I was to have companies like Virgin Atlantic and people like Jackie, Michael and Serge in the business who simply would not accept the unacceptable, who were willing to give it their all and use the tools we had in the Group (our planes and wonderful pilots) to make such a great difference and make the people in the Virgin Group incredibly proud. Grassroots Capitalism 24902 at its best. Since that trip, we've made a number of other relief flights, to the Far East after the Christmas 2004 tsunami, to Pakistan after the 2005 earthquake, to Australia during the 2010–11 bushfires and flooding. More recently we helped fly in supplies to the victims of the Haitian earthquake and the Japanese tsunami. And of course back in 1990 we flew to Baghdad to help rescue hostages during the first Gulf conflict.

* * *

Another person at Virgin who is making a difference is Peter Avis, who works at Babylon, a restaurant owned by

Virgin Limited Edition at The Roof Gardens off High Street Kensington, which is the place where I usually choose to eat out when I'm in London. I remember The Roof Gardens from when I was young because they were on the top of Derry & Toms and housed Biba. For those who were around in the sixties and seventies, Biba – more precisely Barbara Hulanicki – practically invented the miniskirt and tights. In fact, Mary Quant sold them first, but Biba pushed them with gusto. The Roof Gardens were legendary, going way back to the early 1930s, when they were *the* place to go for terribly chic tea dances. During the Second World War a German bomb had landed on the roof of the store but because it was set to detonate on contact with buildings it was clearly confused by landing in the deep soil of a roof garden. Derry & Toms tea room had the (properly defused) bomb on display for many years – something that fascinated me greatly on my visits there with my parents.

Anyway, years later the person who owned The Roof Gardens had run into financial problems and offered it to me for £400,000. I had no money, but the brewer supplying the bar at The Roof Gardens gave us an interest-free loan if we would agree to continue stocking his beer. It seemed a very good deal and I jumped at it and immediately set about restoring The Roof Gardens to its former glory. There are three themed gardens, covering one and a half acres, and within them you can find a stream, a belfry with a bell, Tudor-style galleries and even mature oak trees and fruit trees.

But apart from the obvious pleasure the gardens have

brought to thousands of people over many years, they also play their part in our effort to do things better in our businesses. No chemicals are used in maintaining the gardens and as much as possible is recycled and sustainable. For a garden in the centre of London the wormery is amazing ... These are some of the best fed worms in England as every scrap of waste food is fed to them, which then turns into rich black compost. We use this to grow the herbs and vegetables used in the restaurant. So when the chefs need fresh rosemary, or mint for the new potatoes, or chard, or rhubarb for some special pudding, like rhubarb fool, it's all there. There are fresh salads in season, as well as new potatoes, tomatoes and apples. Obviously, not everything can be grown on the roof, but we source as much as we can from markets as near to London as possible to reduce our carbon use. Meat, game, fruit, vegetables – all are organic. Fish comes from sustainable sea stocks – for example, we won't use blue fin tuna.

Peter, the manager of Babylon, is the young man behind this enterprise. He's a remarkable young Liverpudlian who has been with us for ten years. I believe that it's very important in a business to take a keen interest in the people who work there. Their happiness reflects on their performance as well as on the pervading mood of the business. I had known Peter since he first started at Babylon at the age of twenty-four, although often my visits would be infrequent, depending on my work and travel schedule. When I walked in one day, after a highly unusual two-year gap, I immediately noticed

that he'd had a haircut. Where once his fair hair had been quite long, now it was short and stylish.

'You've been scalped,' I said.

'Why, yes, I have had it chopped off. Do you like it?' he replied. We chatted a little more, but I was slightly fazed to notice that he looked quite emotional, though he said nothing. Had I overstepped the boundary between friendly comment and intrusion? Some time later I learned that he was touched because, despite my not having seen him for some two years, I had immediately noticed his haircut. He said it had made a huge difference to him that I had noticed such a tiny detail. 'I resolved to do the same,' he told me. 'I wanted to show that I cared enough about the members of the staff at Babylon and anywhere I go; to notice *them*, as people, not just as employees.'

Like me, Peter is dyslexic. His headmaster at the secondary school he went to in Liverpool had taken him to one side when, at the age of seventeen, he was looking at the various career options open to him and had said: 'Some people are made to sweep the streets and, unfortunately, you are one of those people.'

It was like a bucket of cold water in his face, but it gave Peter the spur he needed. 'I had to prove him wrong.'

He went to London, started work as a dishwasher in restaurants and in time was elevated to trainee manager. But every time success stared him in the face, as soon as he thought his dyslexia might be discovered he did a runner. Eventually he arrived in the United States and started all over again, finding

work in the restaurants of some very exotic hotel chains. But once again, every time he became worried that people might discover his secret he was gone. I had been given such huge support as a boy with dyslexia, and I found this story sad. But Peter was a survivor; a fighter. He never stopped trying, certain that one day he would make a breakthrough. This happened when he applied for a job as an under-manager at Babylon when he was twenty-four. He got the job and did well – until the manager asked him to handle spread sheets, to show profit and loss and cash flow. As someone who is still ill at ease with such things, I fully understand how Peter felt: once again he quailed and gave his notice. This time however the People director wouldn't accept it. She knew enough about Peter to understand that there was more in his resignation than met the eye. A little gentle probing revealed his secret.

'It wasn't that I was ashamed of being dyslexic, it was that I thought it would be a firing offence because I couldn't do my job. That's why I always left first – before I was given the boot.'

The People director put Peter's mind at rest. She had a word with the general manager, who put Peter in charge of the budget for uniforms, which stood at £6,000. He was shown how to do a very limited spread sheet that related just to the uniforms. Being able to handle it boosted his confidence. He realised that in all those years of running away from some very high-flying jobs he'd been fighting a dragon that didn't exist.

It's the Virgin ethos to take care of staff and to be considerate. At Virgin we always try and ensure we promote from within the company. The head of Virgin Unite in Canada started as Virgin Mobile's receptionist. The woman who was the managing director of Virgin's recording division started work for Virgin at the Manor Recording Studios; she was the cleaning lady. Peter never forgot the kindness he was shown and vowed that it, too, would be a major part of his job when he became a manager – as he eventually did. He not only made sure that we got the basics right at Babylon, he also embraced Virgin Unite's wider global community initiatives, from working at a crèche for orphans in the community surrounding Ulusaba, our private game reserve in South Africa, to creating various initiatives that raised funds. He was working at the crèche when he saw a baby days away from death from AIDS. He was so moved that he knew he had to help. As soon as he returned to London he and the staff at Babylon came up with the idea of creating the Red Edition cocktail. It's made of champagne, rose water and red hibiscus – red for the Virgin colour – and not only is it delicious and fun, but £1 from every cocktail sold goes to charitable causes.

Mentoring young people from Kids Company in London is something else Peter has devoted much of his free time to. He goes to Kids Company in south London to chat to young people there about work experience, and a group comes regularly to Babylon to learn more about how to run a restaurant. Peter also realises that he gets back as much as he gives to these young people.

Appointing Peter to the position of manager when it came up was inspired, as I soon discovered. In 2008 and 2009 he won two separate major awards, the first when he was voted Restaurant Manager of the Year and the other when Babylon was named Toptable Best Restaurant. Peter was praised for his ‘complete dedication to the role of restaurant manager, his enthusiasm for service and his ability to inspire and lead his team’.

I was in Miami when I got the news and I was delighted. It reinforced everything that I believed in. *Do good – and the rewards will come*. Virgin people are happy people – the happiness factor – and because of that they love their jobs and stay in them. It’s not just that the staff like working at Virgin – we value and respect them, another lesson I tell entrepreneurs. ‘It’s not about you, it’s not about the business even – it’s about staff and the customer. Those two are what drives a successful business.’

Hearing about the award I asked Joan if she would call Peter at once, to invite him to stay with us at Necker as our guest. When she got through to him, Peter was outside the Langham Hotel with his mother, who was up from Liverpool. He was recovering from an emotionally charged evening, where he had received his award. When Joan hung up, she said, ‘When I invited him, he broke down in tears. I heard him say, “Mum, it’s Richard Branson’s wife, Joan, inviting me to stay on Necker. Oh my God, I can’t believe it.”’

There was a moment later, on Necker, when Peter was sitting at the long table with us – Joan, Holly, Sam and

myself – and he started to sob. ‘Are you all right?’ Joan asked, concerned. I jumped up to give him a bear hug. ‘I’m fine,’ he said, through his tears. ‘I’m so happy I can’t stand it. I never thought any of this would happen to me – the dyslexic boy from Liverpool who was told he was only fit to sweep the street.’

To me, that is what running a successful business is all about.

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