

When business as usual won't work

Last year when we published the Fast Track 100 list, I speculated that the British economy was finally at a turning point after one of the most unsettling times I could remember in my business career. The crisis of confidence caused by the bank bail-outs of 2007 and 2008 seemed to be coming to an end and the private sector looked set to benefit from the resilience of Britain's consumers. Indeed, the 2010 league table showed sales and profits holding up well.

This year's list is published at a time when much of the financial sector is back in disarray and the mood hanging over business and the economy is very dark. There are real question marks over the security of the euro and little chance the deadlock over the American budget will be resolved any time soon. Indeed, the world's stock markets are volatile, and growth in many developed economies remains anaemic.

Britain is no exception, with forecasts suggesting that growth in 2012 will remain sluggish and job creation will be at a premium. Against this background, the achievements of the 15th annual Fast Track 100 list of companies in generating sales growth of 87% a year and average operating margins of more than 8% (both slightly up compared with 2010) are even more remarkable. It shows the collective strength and resourcefulness of the league table that it keeps throwing up ever more innovative companies and management teams and had total sales of more than £4 billion in 2010-11.

When Hamish Stevenson came to me in 1996 with the



Sir Richard Branson believes the entrepreneurial leadership style of most of this year's Fast Track 100 firms has helped them to flourish

idea of creating the definitive list of Britain's fastest-growing private companies and celebrating their achievements, I was immediately sold on it.

Since then I have followed with great interest the emergence and development of household names, which have gone on to shine brightly in this country's business world. Past stars include the chip maker ARM Holdings; mobile-phone retailer Carphone Warehouse; and smoothie maker Innocent Drinks.

An early scan of this year's list brought up interesting

themes and proved that the Fast Track 100 remains a good reflection of Britain's business scene. It is dominated by the services sector, has many firms based in the southeast and features several strongly branded businesses such as fashion retailers Jack Wills and Cath Kidston, baby-food maker Ella's Kitchen and restaurant operators Patisserie Valerie and Côte.

There are 50 service companies with activities ranging from winter road gritting to recruitment consultancy, but the second most popular sector is retail (27 firms), showing that Britain remains a nation of "shopkeepers". Their products include furniture, books, clothing and gadgets. Contrary to my initial expectations, many of the fast-growing retailers are still high-street based, proving that the right niche with great products and service can grow as quickly as their internet rivals. Interestingly, there are 18 health-related businesses.

Topping the list is pharmaceutical-services provider Clinigen Group. It had average annual sales growth of 242% over the three-year period, rising from an annualised £875,000 in 2008 to more than £35m in 2011. Founded by investor and chairman Andy Leaver, and led by Peter George, this Burton on Trent firm supplies comparator drugs for clin-

ical trials worldwide, and manages the geographical roll-out or controlled withdrawal of medicines on behalf of manufacturers. More recently, it has set up an arm that acquires specialist drugs which it then sells to hospitals across the globe. This arm now accounts for about 30% of total turnover.

Interestingly for me, almost three quarters of the league-table companies are majority-owned by an entrepreneur and/or founders, while only 12 are majority owned by private-equity or venture-capital firms. I do feel that this entrepreneurial lead has helped many of the Fast Track 100 to flourish in 2010-11, when rivals have floundered.

For more than 40 years, we have been able to react quickly to tough times and search out new opportunities, helped by clarity of focus and ownership. The past year has been no different and in many respects has been one of our most successful in achieving large-scale change and progress in our portfolio. In financial services, Virgin Money has just agreed to purchase Northern Rock from the government, four years after we first tried to buy the failed bank. Together with our partner Wilbur Ross we have offered an initial £747m for the bank and could pay another



Trooping the colours: Branson, John Borghetti, boss of Virgin Australia, and crew celebrate their new brand Down Under

£250m in a deal that will see Virgin back on the high street in a big way.

Our health arms were expanding, too. Virgin Active, our health-club chain, acquired rival operator Esporta earlier this year and in late summer we agreed a deal with private-equity firm CVC to take a majority stake in the business to fund further international growth. And our Assura Medical, a provider of services to the NHS, won a contract that trebled the size of its business.

Further afield, Virgin Galactic has also opened the world's first commercial spaceport in New Mexico.

We also rebranded our Australian airline to Virgin Australia, striking deals with Air New Zealand, Delta, Etihad and Singapore Airlines.

It was not all deals, though. The market turmoil and tough economic times have caused many to question the way we are all doing business today. Movements such as Occupy Wall Street and the camp out-

side St Paul's Cathedral have shone a strong spotlight on the ethics and practices of business as a whole.

We have been exploring this debate with Virgin Unite, our philanthropic foundation, and last month I published a new book, called Screw Business as Usual, to reflect on how the world of business is changing and to spark debate on how we can further improve.

With this in mind, it is pleasing to see that at least 15 companies in the list have

strong green ambitions or positive impacts; including Badger Office Supplies, which sells recycled office products, and TXO Systems and Euro Communications Systems, which sell recycled and refurbished telecommunications systems.

I believe that consumers are increasingly demanding this raised sense of responsibility from companies and I hope in time that the number of environmental and socially responsible businesses will come to dominate the list.

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