

Branson: What Steve Jobs taught me by kicking my butt

By [Richard Branson](#) | September 22, 2011

I am not always right. I can admit this without embarrassment, because it is true of all other business leaders and entrepreneurs. It can be a difficult thing for an executive or manager to acknowledge to employees—never mind put in print—but it is something that anyone who accepts a leadership position should keep in mind.

As a leader, your decisions will be carried out, but that doesn't mean they will always be the best ones—or that changing circumstances won't turn a good call into a bad one overnight.

My management team says 2003 wasn't exactly a vintage year for our group. Around the time Apple introduced its iPod personal music player in 2001, a couple of very bright people from Palm sold me on their own funky version of the MP3 player, and a range of accessories. Virgin's management team strongly argued the financial analysis did not stack up and that we would have to sell a very high number of units to make it work. I insisted we push on and launch our very own MP3 player, the Virgin Pulse. I felt the product fit well with our brand, our music business and our heritage.

We spent \$20 million designing our MP3 player and bringing it to market. Though it and its successors were critically acclaimed in the United States, the Virgin Pulse bombed, and we had to write off our investment.

Why? Because Apple had an unbeatable strategy.

For Apple, 2003 was the year it launched its iTunes store and simultaneously slashed iPod prices. If a company drives down the retail price of an innovative new product fast enough when it is still the dominant player in the new market, no one else can catch up because they can't make enough money from their new products. When Apple introduced the cheaper, smaller iPod Nano, it slammed the door on anyone else building a significant market share in digital music. And yes, I did freely admit that I was wrong; that helped us to exit the market within two years, before we lost even more money.

It's very hard to own up to your mistakes when a big investment is not salvageable—especially when it is a cause you alone have championed. This fear of embarrassment prevents many bosses from addressing the situation when it is most urgent. If the business is disappearing, you must face your team and start looking into what is going on—and the sooner, the better. Only by leaving the safety of your office and sampling the product or service yourself, studying the competition's offerings and generally turning your operation upside down will you get to the bottom of what has gone wrong.

When you have uncovered the problem, get the right people fixing it. In this situation, honesty is the only policy. Be open and blunt about why you had hoped a strategy would work, why this proved to be wrong, and how you and your team arrived at the solution you want to put in place; then your

people will be better able to implement it. This is not the time to hold back information or pass the blame. It may be one of the more difficult moments of your career, but you won't lose people's trust and respect by taking responsibility for the problem and admitting to your mistakes. People look for leaders to make informed decisions, not to be infallible.

If you discover the problem was in the implementation of a service or product, don't make the beginner's mistake of firing those responsible. Blame and recriminations may offer a spiteful sort of short-term comfort, but they will be toxic to your company and will stunt your recovery or the launch of future enterprises. It's unlikely you'll even need to talk to those employees about where they went wrong; if you provide all the information necessary, they'll know what they did and be very eager to prove that they can get it right. If you keep your team together, you'll prevent rivals from benefiting from your mistakes by hiring the very people who have just learned the lesson the hard way.

Innovation is about change—and when your plans don't work out, sometimes you have to adapt to changing circumstances instead of forcing your competitors to play catch-up. As I've written before: move on. If that means taking a hit, take it on the chin. Then go forward.