

## Chapter 6 – Finances: lead from the front – discover the visionary and the realist in you

Here you are, absolutely gunning, smelling success. Your funding is in the bank; realisation of your dream is a heartbeat away. But here, I'm going to hose you down, slow you up, and give some method to the madness.

This is where the discipline comes in. Someone has to be disciplined in business – and this chapter has to be the disciplined part of this business book. No apologies.

The essence is this: if you're going to succeed you have to be something of a schizophrenic. I want you to be a visionary. I want you to dream of where you'll be one day, and plan for it. But when it comes to getting there – your method, your day-to-day decisions – I want you to be a visionary with your feet on the ground.

This will ensure you survive to realise your dreams. Bypass the gung-ho, ill-disciplined, non-professional entrepreneur – those are the types who fall by the wayside.

There's already plenty of tension between these two apparently opposing objectives, but it gets even more complex. Scaling your business and keeping it on track gets harder with every new employee. Let me offer you a real-life story to illustrate the point.

### **The wrong information**

There I was standing outside the Virgin Vie Board Room absolutely fuming. I had just delivered a no-holds-barred tirade against the senior management of Vie. They had been left in no doubt as to what I was thinking but, in doing so, I had just broken Richard Branson's unwritten rule at Virgin that directors (or anyone for that matter) should only ever praise their colleagues and never criticise them.

Even now, as the memories of Vie come flooding back, I find myself shivering... the memories aren't pleasant. Virgin Vie was a high-stakes bet from day one. It was the first Virgin

---

company to list on the stock exchange since Virgin had been taken private in the 1980s. If this one screwed up, it would be an unmitigated disaster for Richard, myself and everyone involved. It was also a project that I'd pushed aggressively, so I was under a huge amount of pressure to make Vie a success. Still, I was full of confidence (perhaps a little arrogant!) after my time with McKinsey.

McKinsey, widely regarded as the world's leading management consulting company, has great experience and knowledge in understanding successful management techniques. One of the projects that I had worked on during my time with McKinsey was the development of a sophisticated dashboard of key management metrics that were designed to ensure that the management team of a multinational corporate were able to overcome the very issues that I was facing at Vie. Surely it would be simple to translate these skills to early-stage ventures like the far smaller and ostensibly simpler Virgin Vie? The answer, as I found out, was it's not.

At Vie I had always found it impossible to get clear and concise answers to my questions. I could see the bank balance going down but no one could provide me with a proper explanation of what it was precisely being spent on or, more importantly, why! Large capital expenditures and marketing spend were interlinked and mixed together with explanations buried in large reports. I always felt the management were controlling the agenda. When I was physically present they would go out of their way to be charming and polite, but I was sure that as soon as I left the room an order would go out to return to precisely what they were doing previously. I never received information in a way I could digest so I struggled to provide input into decisions (probably just as the management wanted!).

Things continued to spiral out of control until I finally lost it at that board meeting and found myself standing in the corridor fuming. The real reason I felt so angry was that instinctively I knew that something was wrong but I didn't feel that I had the right information to make the necessary decisions, which left me feeling frustrated and out of control.

Vie did survive, but only just. It took significant surgery, including large new investments from the shareholders. What struck me then – and has stayed with me since – is that, regardless of management’s good intentions, if the business falters and fails, you fail. Now consider this in the context of a start-up. The position is magnified because there is no one to bail you out. The buck stops with you.

As unpleasant as the Vie experience was for me, I wasn’t going to let it all have been in vain. I realised that if I wanted to be a successful business-builder I needed to develop two skills:

- First, a methodical, no-nonsense way to make every decision. I craved the unruffled, clear way that Richard Branson approached each decision without distraction and perceived interdependencies.
- Second, an ability at all times to quickly and easily assess the financial health of a business. This would mean less time wading through thick reports and instead concentrating on problem areas before they get out of control.