



Creative entrepreneurs can survive the crisis

Creative entrepreneurs can weather the current global economic crisis better than traditional businesses, says Jean-Claude Larréché, INSEAD professor of marketing.

“It’s not the creative entrepreneurs but it’s the large companies that are being challenged. Creative companies can survive any condition,” Larréché said at the recent World Knowledge Forum in Seoul, South Korea.

Virgin Atlantic, which was founded by British entrepreneur **Sir Richard Branson** in 1984, survived and came out stronger after the airline crisis of the early 1990s when many established airlines went bankrupt, notes Larréché.



Speaking via satellite, Branson said a lot of opportunities will emerge as a result of the current global economic slowdown but companies need to be nimble to move quickly and decisively to realise these opportunities.

“There are enormous opportunities when there is a crisis. In a situation like this, it’s absolutely essential to conserve cash. I think companies that do have cash owe it to their country and the people in the company to actually invest that cash in order to grow out of the crisis,” Branson says.

With oil prices and stock prices of airlines collapsing, Branson said it could be the time to look at whether it is good for Virgin to start an airline in South Korea, Russia or Brazil. “We should consider expanding if (there is) cash to do so.”

The best companies with the best products and services survive in a crisis. “You will see other companies all around you going bust and you’ll benefit from that,” Branson says.

Visit **INSEAD Knowledge**
<http://knowledge.insead.edu>

Government needs to allow companies to go bust, so that new and more efficient companies can emerge, Branson says. The US government, for instance, should allow ailing airlines to go bankrupt so that new and more efficient airlines are set up in their place.

Agreeing, Larréché says: “In this crisis, we have to accept the consequences.”

To encourage entrepreneurship, governments should do their part to stir competition, Branson says. For instance a merger between British Airways and American Airlines would be bad news for the consumer and governments should prevent this from happening, he argues.

It was Branson’s desire to improve airline services that inspired him to launch Virgin Atlantic, providing travellers value for money service that brought fun to flying. “Virgin Atlantic’s acceptance of British and Far Eastern travellers spurred all of us to start breaking the rules in other areas.”

Today, some 40 years since Branson and his partners established Virgin Entertainment, their recording business, the Virgin Group has over 250 companies in its stable. Besides airlines and entertainment, Virgin is into hotels, leisure, finance, renewable energy, telecommunications and even space travel. Virgin Galactic will start its space flights next year, using environment-friendly space launch technology.

Apart from promoting entrepreneurship and competition, governments need to regulate when there is not enough regulation, particularly in the banking sector.

He says the banking mortgage community should never be allowed “to bring the world almost to its knees ever again. There obviously has to be a better regulation in that area.”

Beyond making money, Branson says entrepreneurs must also realise that they have the responsibility to promote greater good. “They have the responsibility to look closely on how they can possibly redistribute wealth for the collective good.”

Business people, for instance, should not leave money sitting unproductively in banks. “They should use that wealth creatively to change society and to start new companies. They should expand their businesses in new regions of the world, thereby employing more people and bringing opportunities to areas which are previously being exploited by companies that are monopolistic.”

“I’ve always believed that there is no point in going

to business unless you’re going to make an enormous and positive difference,” Branson says.



Jean-Claude Larreche is The Alfred H. Heineken Chaired Professor of Marketing at INSEAD.

Find article at

<https://knowledge.insead.edu/entrepreneurship-innovation/creative-entrepreneurs-can-survive-the-crisis-1766>

Download the Knowledge app for free



Visit **INSEAD Knowledge**
<http://knowledge.insead.edu>