**Data response**

**Virgin Galactic**

With all Richard Branson's success as Britain's best-known business leader, his Virgin Group may yet achieve its greatest fame for space travel. The space tourism project goes back to 1999 when Branson registered the name 'Virgin Galactic'. It started to take shape in 2004 when Branson adopted technology that engineers had used to win a $10 million space race prize. He was so confident at that stage that he announced that Virgin Galactic would fly within three years - and he started selling tickets at $250,000 a go.

Unfortunately three years later the programme hit the headlines only because of the detonation of a tank of nitrous oxide that killed three people and seriously injured another three. Ticketholders, including Brad Pitt and Angelina Jolie, would have to wait. In 2011 there were more glitches when a test flight malfunctioned. Far more serious, though, was the disaster on 31 October 2014, when a Virgin Galactic test flight exploded and then crashed shortly after launch at the Mojave Desert.

One of the pilots was killed instantly and the other (who ejected) was seriously injured. It emerged that the space ship was powered by a fuel mix that had not previously been used in flight. Branson's immediate response to the disaster was to say 'Space is hard - but worth it. We will persevere and move forward together'.

Just prior to the test flight and crash, Branson had been interviewed by the *Financial Times.* Here he set out the purpose behind his investment: 'The space company will be our flagship. Because we're the only private company in the world sending people to space, the next few months are obviously something that has a halo effect on every Virgin company.'

And after the crash, what's the future for Virgin Galactic? In April 2015 Virgin boasted that only 20 of 700 deposit-payers had asked for their money back. When an official safety report was published into the crash it blamed pilot error due to inadequate training. The safety problems may eventually force Branson to back down on his space dream. You wouldn't bet on it, though.

**Questions (40 marks; 45 minutes)**

1 As Branson states, the corporate objective for Virgin Galactic is to provide 'a halo effect' for every Virgin company. Assess whether this is a valid corporate objective. (10)

2 Given the safety problems the project has faced, assess whether it would be better, ethically, for Branson to close the project and return the deposits. (10)

3 Richard Branson is determined to proceed with Virgin Galactic. Evaluate whether he should first discuss this decision with Virgin Galactic's stakeholders. (20)