

When Virgin moved into the mobile phone industry we had no experience, so we looked for our rivals' best managers, hired them away, took off their ties and gave them the freedom to set up their own ventures within the Virgin Group.

Tom Alexander in the UK, Dan Schulman in the US and Andrew Black in Canada have all done this with great success, aggressively taking Virgin companies in new and unexpected directions.

Perhaps the greatest thing about this form of enabled intrapreneurship is that often everyone becomes so immersed in what they're doing that they feel like they own their companies.

They don't feel like employees working for someone else, they feel much more like... well, I think the only word to describe it is 'belongers'. ■

Richard Branson is the founder of the Virgin Group and companies such as Virgin Blue, Virgin Atlantic, Virgin America, Virgin Mobile and Virgin Active. He maintains a blog at www.virgin.com/richard-branson/blog. You can follow him on Twitter at <http://twitter.com/richardbranson>. To learn more about the Virgin Group: www.virgin.com. Copyright 2011 Richard Branson Distributed by New York Times Syndicate.

VIRGIN AUSTRALIA

Virgin has consolidated its branding in Australia, driving a new emphasis on business travel. Sir Richard Branson describes it as a 'new chapter'. See why, page 45.

Bar raised on directors duties



Barrie Meerkin.

The recent Federal Court decision of *ASIC v Healey and Others* has established clear and concise rulings on the liability attached to being a director of a corporation, regardless of an 'executive' or 'non-executive' director classification.

From a liability perspective, the Federal Court notes there is no distinction between the nature of the classification, and any reliance on such by a director will now be misplaced. That's the conclusion drawn by Michael Sing Lawyers special counsel, Barrie Meerkin.

Additionally, he said, there has been a clear liability established for all directors regarding the content of financial reports prepared by professional consultants, which cannot now be removed from the director's responsibility.

Even though the financial reports might be prepared by a company's financial advisor, the directors will still be responsible for any errors of content once provided to shareholders and the market.

"This is a clear step by the court to remove any doubt as to the liability of directors for the provision of financial information to shareholders and the market," Mr Meerkin said.

"Previously there could be an argument employed by directors that if

they were: a) non-executive directors, or b) relying on financial information provided by the company's financial advisors; their liability, if not removed, was certainly diminished," Mr Meerkin explained.

"This is clearly not the case any longer, and we will be advising all of our clients' directors of the greater duty of care and fiduciary responsibility they must now maintain."

IMPACT OF THE DECISION

The decision is a reminder that directors, both executive and non-executive, and regardless of their specialised expertise, are all held to the same minimum set of directors' duties.

Directors can no longer place their total reliance on company processes and advisors.

The duty to read and understand financial documents is personal to the directors and cannot be delegated; even though advisors can be much more qualified in this respect, directors must still apply their own minds to all financial reports.

Importantly, directors must constantly ensure that they digest the information they receive, even if it is at the cost of information volume or reviewing time.

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