

MANAGEMENT STYLES AND RESILIENCE OF WALT DISNEY COMPANY

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ABSTRACT

Walt Disney Company has led the entertainment industry since the early 1900s. The company has had many leaders at the top of the pyramid, guiding the company to success. Until the early 2000s, the company was able to thrive with a more authoritative management style. When Robert Iger was appointed as CEO, he led as a more relaxed manager who was involved but did not micromanage his staff. This allowed more innovation and decision-making from positions that had not been involved in this process before. With the creativity of this staff, advances in technology, new partnerships, and expanding into the markets of other countries, Iger was able to make Disney more profitable.

Key words: *Management, innovation, technology, resilience.*

JEL classification: *M12, O3, O32, Q55*

INTRODUCTION

Disney has been a standout company in the entertainment industry for almost a century now. When the company was starting out, scientific management was of the most popular management theories. This was designed for factory settings but was adopted in other fields, as well [5]. Scientific management is characterized by division of labor and job specialization. This means that managers assigned very specific tasks for their workers with little leeway of what the work was. This was incredibly functional in this environment and increased efficiency of work [5]. Walt Disney Company implemented this style of management in that higher ups did most,

if not all, of the decision-making, while cast members did the jobs they were assigned [7].

Since this time period in the early 1900s, management has evolved completely. Now there are many management theories with several varieties [6]. Management has grown to be more worker oriented, allowing more creativity and personalization of jobs. There is less division between managers and their staff, in that staff members are more involved in decision-making [6]. With this evolution of management, Disney eventually had to follow suit. In the early 2000s, the company adopted a new CEO who brought a more lenient management style with him. This was a boost that the company needed, breeding further innovation and expansion [7].

THEORETICAL OVERVIEW

As one of the most successful and well-known companies in the entertainment industry, understanding the management behind the magic is educational for all business owners [8]. Walt Disney Company has seen a shift in management styles over time that has led to greater success of the company. This highlights the power of management and the shifts that must occur to stay prosperous. The organizations that study the cases and reactions of other companies in crisis situations have received good indicators on how to recover as quickly as possible and keep up their continuity [8].

A lot could be learned from Disney and how they are able to continue innovation within the company utilizing their cast members and advances in technology.

DISCUSSION

Walt Disney Company has seen its fair share of CEOs since it began in the 1920s [1]. Walt Disney began animating in Missouri in 1920; his career did not immediately take off. As he continued to work, his releases of the 1930s gained him some traction. His cartoon, *The Three Little Pigs*, was even awarded an Oscar [1]. After continued success in animation and live-action films, Disney opened their first amusement park, Disneyland in 1955. In 1965, just a year before his death, Walt Disney purchased 43 acres for what he planned to be Walt Disney World Resort [1]. Roy Disney, Walt's brother, took over until he passed in 1971 [2]. The company was not in great financial standings after Walt's death, but by the 1980s, Disney World and its older films were creating the most profit for the company and they were financially stable once more [1].

In 1983, Disney launched Disney Channel, with an intended audience of children and teenagers [2]. Additionally in this year, Disney opened Tokyo Disney. Since then, Disney has accumulated 11 parks and 44 surrounding hotels. All the while, the company continued to expand in cinema production. They have purchased Pixar, Marvel, Lucasfilm, ESPN, and more [2]. The company shows no signs of slowing down their growth.

Since the start, the company has seen many CEOs [1]. The most recent, who began in 2005 and only recently stepped down in 2020, is Robert Iger. He has won many awards for his work in managing Disney and he was able to double the profit of the company in just 11 years. His management philosophy highlights creating the best innovative content, using the latest technology, and expanding into markets all around the world. Iger utilizes vertical integration [10]. This implies that Disney prefers to cut out the middleman and produce as much as they can without hiring outside companies, hence their purchases of many other companies [4]. Iger is also known for his hands off approach [3]. He is aware of what is going on, but he is not directly involved with every step of the decision-making process with every department. He believes that acknowledging failures is the best way to remedy them [3]. Upon his initial hiring, the company was not in great standings. Walt Disney Company had expanded faster than they could sustain, causing strain on the relationship between the staff members [3]. Iger took a different approach to managing, putting more of his focus on generating new content than closely monitoring each staff member. He gave his cast more freedom, creating more trust and accountability among them. Ultimately, this mended the bond between the staff and upper management. In turn, this also brought incredible success to their subject matter [3].

Iger worked very closely with Steve Jobs to utilize the newest technology ([3]. Together, they developed Magic Bands. These bracelets function as park tickets, fast passes, credit cards, photo passes, and more. This was one of Disney's biggest integrations of new technology. With just the scan of this band, cast members can greet their guests by name [3]. Iger's biggest project with Disney involved expanding into China with Shanghai Disney. He selected this location because there is a high volume of Disney fans. This newer park is able to nurture Asian culture while embracing Disney's most popular departments [3].

Iger had a very different approach to managing than his predecessor, Michael Eisner [7]. Eisner was thought of as a micromanager who did not allow creativity from his team. Decisions were left to upper management; responsibilities were allocated from there. This is par for the course of Disney's management history [7]. Even prior to Eisner, the company had worked in an autocratic manner, leaving lower positions with much less power and creativity. Eisner fit in well when he began, and he led major successes for the company. He had increased revenue by 25-percent and increased stock value. However, the previous management style had run its course and become less than desirable by the time Eisner stepped down [7].

When it comes down to it, the cast members active in the parks are the faces to Disney's famous, magical experience. With this, cast members must work under strenuous conditions, as the parks hold high volumes of people almost constantly [7]. Not only that, but they must do so with a smile on their face, to keep the magic alive. Walt Disney credits a lot to these cast members and believe greatly in the value that they add to the parks. Allowing them to feel their worth to the company is a huge part of having their cooperation and assistance [7]. Overall, Disney has had to follow the shift in the management theory paradigm to continue on the road of success. The

company has gone from a strong managerial presence with little individuality for workers to a more relaxed coordination mechanism allowing innovation and decision-making from everyone in the company. This means that there has been a shift from prominent role differentiation to a less drastic distinction. The company has always relied on technology and continues to profit off advances in technology. These shifts are due to natural transition in the business environment [6]. These variations are a vital part of keeping the company fruitful.

CONCLUSION

After many successful years in entertainment, many wonder how the Walt Disney Company has remained so successful. The company has been able to evolve and adapt with the changing environment. They keep innovation and consumer experience at the forefront of their work. Their success can be credited in part to their malleability and new developments.

Disney's management throughout the years showcases the shift in the management theory paradigm, proving that change can be a good thing for a company. The company has gone from upper management heavy decision-making to using the entire pyramid of staffing. This is a textbook example of how management theories have developed since the early 1900s. These changes allow more creativity and flexibility for all levels of the team.

For Disney, this change in management was exactly what the company needed to be resilient. The company was beginning to hit a wall, the cast wasn't getting along well, and they had just expanded a little farther than they could manage. Their transition to a less guided management style mended the relationship of the team. The cast had more freedom to create new, unique content for the company. At this time, the cast began partnerships with other companies to advance in technology, as well. With some time, they were able to catch up with their expansion and even begin to grow again.

Generally, the Walt Disney Company flourishes off adaptability and creation of new content. They can acknowledge when the company needs to see change and they are able to meet these needs. The cast continues to innovate and create new experiences for their consumers. One thing that hasn't changed for the company is their ability to create a magical atmosphere that is unmatched by their competitors. The company strives to keep their cast members happy so that they can provide the best environment for their consumers and keeps the business resilient [8].

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