

# **THE WALT DISNEY COMPANY: HOW TO MEASURE RESILIENCE AND MAINTAIN SUCCESS**

**DORIO Michelle**

*CalCampus, NH, (UNITED STATES OF AMERICA)*

*Emails: michelle.dorio3110@gmail.com*

## **ABSTRACT**

*With a changing economy, it can be difficult for a business to maintain success. The Walt Disney Company has been able to maintain their success for almost 100 years. Since the early 1900s, they've been a top company in the entertainment industry, and continue to grow. Their success is measured not only by their profits and image, but also by how they've adapted their management structure to meet the needs of the new economy. They've been able to expand their company while meeting consumer demands and maintaining the philosophy of founder, Walt Disney. The Walt Disney Company has been a prime example of management for many years. The Walt Disney Company has proven that keeping with company policies and values is the key to success and resilience.*

**Keywords:** *management, new economy, behavioral method, resilience*

**Jel classification:** *M00, M2, D23*

## **INTRODUCTION**

Management in a company is one of the key parts of having a successful business. There are many definitions of management. Management can be defined a process that includes planning, organizing, coordinating, and directing [1]. When it comes to managing, there are certain skills that a manager must have to make for success. Managers must be able to communicate, set a good example, listen to their employees, and increase profit [1]. When looking at the Walt Disney Company, it is important to note how their management style has changed over time to accommodate employee needs, as well as consumer

demand. The Walt Disney Company has always been able to excel in important aspects of running a company, such as, customer service, employee training, and profitability [2]. While maintaining those aspects, Disney has also changed to accommodate the new economy. In the new economy, it is important for management to allow employees to be a part of the business formula, as well as share their own ideas [1]. As new technology arises, such as the Internet, companies, like Disney, have had to apply new procedures to avoid a decrease in profitability that could come with change [4]. Adapting to the new economy, while being able to keep fundamental values, is what makes a company's management successful.

## **THEORETICAL OVERVIEW**

The Walt Disney Company is one of the most successful companies in the entertainment industry [3]. There are three main reasons why the Disney Company has become so successful. One reason is how recognizable the brand is. Another reason is how profitable the Disney Company is. Finally, their management strategy provides the foundation for their success. Disney has time and time again been the prime example for how to run an organization [2].

## **DISCUSSION**

The Walt Disney Company has been a recognizable brand since the 1920s. In 1928, the company released its first animated short *Steamboat Willie*. This short became an instant hit and Mickey Mouse was recognizable by everyone. The company then continued to create animated films that would be remembered by many generations [3]. In 1934, Disney's animation studio released their first feature-length animated film *Snow White and the Seven Dwarfs*. The release of *Snow White* transformed the entertainment industry, showing that animated films were capable of storytelling. Since then, Disney was on the map in the film industry going on to make live-action films, along with other animated features, including some films that feature both live-action and animation [3]. The Walt Disney Company was already a pioneer in film making by 1955 when Disneyland opened in Anaheim, California. Disneyland was Walt Disney's plan to build a theme park that evoked nostalgia, while providing a world of fantasy [5]. Disneyland became a staple of American culture. After the building of Disneyland, Walt Disney World was built in 1971. Since 1971, there have been multiple international parks built, solidifying the Walt Disney Company as a successful company in the theme park industry [3]. Disney has not only become recognizable through their own endeavors, but also through the other companies they have acquired throughout the years. Since 1993, Disney has acquired many production companies such as Miramax Films, Marvel Entertainment, Pixar, and Lucasfilm Ltd. Disney has also branched out into the broadcasting industry by acquiring the ABC network, ESPN, and Radio Disney [3]. Throughout their time as a company in the entertainment industry, the Walt Disney Company has proven them successful by being one of the most recognizable brands in the world.

The Walt Disney Company is not only recognizable but is also profitable. Following the success of their films, Disney branched out into multiple markets within entertainment. Disney is a part of five main markets within entertainment [6]. The first market, and Disney's largest market, is Media Networks. This includes ABC, ESPN, and Disney Channel. Media Networks made up 46% of revenue and 76% of income in 2011, with revenue increasing 9.0% [6]. Another market, which is Disney's second largest market, is Parks and Resorts. This includes their international theme parks, resorts, and cruise ships. In 2011, Parks and Resorts made up 29% of revenues and 19% of income, with revenues increasing 9.6% [6]. There are currently two theme parks in America, which in 2011 contributed 79% of revenue earned in the Parks and Resorts segment. In 2011, there were three international parks that also contributed to revenue, but not as much as the domestic parks [6]. The third segment is Walt Disney Studios, which comprises all films, animated and live-action, music, and theatrical plays. Walt Disney Studios made up 16% of revenue and 8% of income in 2011. Revenue did decrease 5.2% in 2011 due to high production and administrative costs [6]. The fourth segment is Disney Consumer Products. This market includes toys, apparel, home décor, etc. Disney Consumer Products made up 7% of revenue and 10% of income in 2011, with revenue increasing 13.9%. The fifth segment is Disney Interactive, which includes video games, and made up 2% of revenue in 2011 [6]. The Walt Disney Company has been in the entertainment industry since the 1920s and continues to prove profitable as time goes on. Since 2011, Disney has opened another international theme park and launched their streaming service, Disney +. In July 2022, Disney announced that they had one of their most profitable quarters with CEO Bob Chapek stating, "We continue to transform entertainment as we near our second century..." [7]. The Disney company's revenue has increased 26% in the most recent fiscal quarter, with net income increasing 53%. In the most recent fiscal quarter, Disney Parks, Experiences and Products segment revenue has increased 70%. Revenue increased \$7.4 billion for the 2022 third quarter compared to the third quarter of 2021 where revenue was \$4.3 billion [7]. The Walt Disney Company has withstood many economic challenges, the most recent being the COVID-19 pandemic, and is able to remain one of the most successful companies in entertainment.

The Walt Disney Company has proven to be profitable and recognizable over the almost 100 years it has been in operation. However, the management strategies employed by the Disney Company are the foundation of what makes them so successful. Since the beginning of the company, they have maintained four main concepts set in place by the founder of the company, Walt Disney. Walt Disney's philosophy was Dream, Believe, Dare, Do [2]. This philosophy has been an integral part of Disney's management strategy since the 1920s. Within this motto there are 10 management principles in place at Disney. The 10 management principles are: "Make Everyone's Dream Come True", "You Better Believe It", "Never a Customer, Always a Guest", "All for One and One for All", "Share the Spotlight", "Dare to Dare", "Practice, Practice, Practice", "Make Your Elephant Fly", "Capture the Magic with Storyboards", and "Give Details Top Billing" [2]. Each of these principles have individual meanings but must be applied together to make for a successful management strategy. With a company that has been working for almost 100 years, it is understandable that there is a need for organizational change. In

1984, Michael Eisner became CEO of the Walt Disney Company [3]. Michael Eisner oversaw many of the company's successes such as the partnership with Pixar, expansion into the broadcasting market, and expansion of the Disney Parks with the openings of Disneyland Paris and Disney's Animal Kingdom [3]. However, Eisner was conservative in his approach to management. Eisner took a top-down approach, rather than a bottom-up approach meaning he looked to shareholders, board members, and top executives to make decisions [8]. With the new economy, a top-down approach was not well received within the Disney Company. Employees wanted to be heard and it was important for companies to view their employees as an integral part of the business. When Iger took over as CEO in 2005, he followed the behavioral method. Iger looked to his employees in multiple departments for creative ideas and decisions [8]. When being recommended for the CEO position by his team, he received many praises due to the good relationship he had formed with them. Iger would show the importance of his employees by giving thanks and credit to them, rather than taking all the credit himself [8]. Seeing Iger's behavioral approach to management in the new economy shows how even with organizational change, Disney's management maintained its philosophy and reputation.

## **CONCLUSION**

In conclusion, Disney has maintained its success through economic stress and organizational change over the last almost 100 years. Disney's management strategy has proven to be successful and continues to be an example for businesses around the world. A company that started with a mouse has developed into one of the most recognizable, well-established companies of all time. Disney has proven their success not only through profits and increasing revenues, but also through their customer service and employee recognition. They've learned how to adapt to an ever-changing economy using new technology, behavioral management, and customer satisfaction [9]. Walt Disney had a vision of building a company that had an intention to entertain the masses, not to make money. The Walt Disney Company has proven that by following the 4 main principles of Dream, Believe, Dare, and Do, they are able to entertain people in an unforgettable way, while also profiting and growing the company. To maintain this success, Disney needs to stick to their principles of management and keep dreaming, believing, daring, and doing [2].

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