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## Walt Disney And His Business Philosophy In Action

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*The story of Walt Disney's life is an amazing story of entrepreneurial courage and success. He was a tenacious visionary who dedicated his life to the pursuit of entertaining and educating the masses. Time Magazine selected Walt as one of the top 20 "Builders and Titans" of the 20<sup>th</sup> Century, in good company with people like Henry Ford, Sam Walton, Thomas Watson Jr., and Akio Morita. This essay outlines a few of the many fascinating stories of Walt Disney's career, and identifies some key aspects of his business philosophy and the values that made him one of America's most interesting and successful entrepreneurs.*

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### PART 1

#### Highlights of the Walt Disney Story

*"The word fabulous, as applied to Walt Disney, is an understatement. He was a genius, an originator, a creative artist of amazing versatility, a master organizer and administrator, a producer of perfection, a daring achiever."* Columbus Citizen Journal

A lot has been written about Walt Disney the man, much of it negative and derogatory. His many talents and the in-



fluence he had on 20<sup>th</sup> century American popular culture and business corporate culture makes him an easy target for the cynics and nihilists of our day. But the fact remains that Walt Disney possessed the attributes of entrepreneurial genius that are worth reflecting upon and understanding. Time and time again he was able to organize capital, people, and processes in order to take an idea that he conjured up in his imagination and create it in reality in a way that directly, and positively, influenced the lives of billions of people.

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How popular was Disney in his heyday? In 1966, the year of his death, an estimated 240 million people worldwide watched a Disney movie, 100 million watched a Disney television show every week, and 80 million read a Disney book or magazine. In 1968, almost ten million visited Disneyland in California. The key creative force behind all of this was Walt Disney.

Walt assumed many roles over his 45 year career: he was a cartoonist, film-maker, technological innovator, TV celebrity, Hollywood Studio mogul, and real-estate tycoon. He was visionary and successful in each phase of his career, but success never came easily. In addition to bringing innovation to almost every project he worked on, Walt was a perfectionist. His explicit attitude was that he would spend whatever it took in terms of time and money to make Disney films and Disney theme parks the best that they could be. Many times he drove his company to the brink of bankruptcy in pursuit of technological innovation, excellence, and “product” perfection. Walt Disney was a passionate pursuer of values.

Walt was the driving force behind the company, but he depended heavily on his older brother Roy O. Disney, with whom he started the business, to act as his chief financial officer and to figure out how to keep the company solvent and viable from an operational point of view. For this side of the story, Bob Thomas’s book *Building A Company: Roy O. Disney and the*

*Creation of an Entertainment Empire* is fascinating reading (Hyperion, New York, 1998).

Walt brought unbounded enthusiasm to each of his projects and had confidence in his own abilities and those of his staff to achieve the desired results where others saw only looming disaster. This resulted in Walt earning a reputation among bankers and competitors as reckless and irresponsible, and as difficult to do business with. They just didn’t see the world of business, risk and reward the same way Walt did. The predominant and still common business paradigm was to produce your product as cheap as you could get away with, minimize investment and financial risk to maximize short-term profits, and hold your customers in contempt for their unending demands of more for less.

Like so many self-made men, Walt had no formal business education. He grew up in Kansas City and Chicago, working from the age of nine to help support his struggling family financially, and never finished high school. He wasn’t a traditional risk-averse bean-counter businessman focused on the point on some chart where the minimum cost and maximum profit lines crossed. Walt’s approach to business assumed a strong and intuitive market-based focus. For Walt, business was primarily about maximization of customer value. Walt understood that anything worth doing was worth doing right, and that the standard of ‘right’ in business is established by what the consumer

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wants. Walt's ongoing struggle in life was to figure out the point of intersection between what he did well and liked to do, with what consumers desired and valued, as indicated by what they were willing to pay for. To solve this problem, he believed, would guarantee his success.

Reflecting back on his younger brother a few years after his death, Roy Disney wrote: "Walt was a complex man. To the writers, producers and animators who worked with him, he was a genius who had an uncanny ability to add an extra fillip of imagination to any story or idea. To the millions of people who watched his TV show, he was a warm, kindly personality, bringing fun and pleasure into their homes. To the bankers who financed us, I'm sure he seemed like a wild man, hell-bent for bankruptcy. To me, he was my amazing kid brother, full of impractical dreams that he made come true" (Roy O. Disney, "Unforgettable Walt Disney," *Readers Digest*, Feb. 1969). [Note: all references to 'Roy' are to Walt's brother Roy O. Disney, and not to his nephew, and later Disney executive, Roy E. Disney.]

Walt's career began in the early 1920s, at a time when technological innovation was driving change in cinematography, including the change from silent movies to recorded and synchronized sound, black and white to colour, and two-dimensional cartoon cinematography to three-dimensions. While many companies were making cartoons to be exhibited in movie theatres prior to the feature movie, Walt Dis-

**Roy Disney: "To the bankers who financed us, I'm sure [Walt] seemed like a wild man hell-bent for bankruptcy. To me he was my amazing kid brother, full of impractical dreams that he made come true."**

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ney was the first to add music and sound effects to animation (*Steamboat Willie*); introduced the first colour cartoon (*Flowers and Trees*); added depth to visual dimension with the multi-plane camera; created the first full-length feature cartoon (*Snow White and the Seven Dwarfs*) and proved that animated features were viable if they done with Disney quality; expanded the audio dimension with RCA in the development of multi-channel sound ("Fantasound" for *Fantasia*); was the first Hollywood mogul to embrace television and establish its commercial value; introduced the first TV infomercial (one of his first TV shows was a documentary on the making of his soon to be released live-action movie *20,000 Leagues Under the Sea*); demonstrated the educational potential of television through entertaining nature documentaries; redefined the amusement park and invented the theme park; brought his animated characters to life through robotic animation entertainment (Audio-Animatronics); and demonstrated the viability of modern transportation systems like monorails and automated people-movers. He also was a maverick innovator and set the benchmark for customer-focused managerial practices and service standards that most service companies can only dream of emulating.

Walt thrived on the challenge of pushing forward the boundaries of applied technology in the field of entertainment. He was the consummate first-mover and early-adaptor, and shrewdly used these technologi-



cal innovations to his competitive advantage. His perpetual forward momentum in pursuit of his ideals against all obstacles and naysayers made him the poster boy for the idealized American entrepreneurial spirit. He is the business hero who, time after time, risks everything he owns to create something new, something bigger, something better, only to wake up the next morning with a new dream and a bigger vision to work towards as soon as he can muster up the time and resources to devote to it.

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One of Walt's early breakthrough successes was *Steamboat Willie* (1928), featuring Mickey Mouse, and one of the first cartoons with a sound track. The story of Walt's insistence on accepting the challenge posed by new technology and adapting it to serve his business and customers is told by Paul Hollister in a profile of Walt Disney that appeared in the December 1940 issue of *Atlantic Monthly*. "Overnight, when the first raw sound began to bark at you from your favorite movie screen, it became evident that you wouldn't long be interested in watching a silent movie.... [A] third [Mickey Mouse] film, *Steamboat Willie*, as mute as the other two, was ready to go – when sound 'arrived.' *Steamboat Willie* was yanked back into the plant, its story torn apart, new sequences and new 'gags' were drawn in to show musical instruments, actual music to fit the instruments was recorded and patched into the film by a strange new device called a 'sound track' – and *Steamboat Willie*, delivered to the exhibitors on July 29, 1928, served notice that Walt thenceforth aimed to please



no only the eye but the ear." By acting quickly and incurring real costs – which he saw as an investment in his future success – Walt was able to establish himself as the industry leader and enhance his reputation immeasurably.

Walt Disney spent the majority of his working time obsessed with the challenge of applying human ingenuity and energy to transform each of his ideas into commercial reality, and assumed personal responsibility for micro-managing every detail to en-

sure that his own high standards were never compromised. One Disney scholar wrote of Walt: "Improving the product seems to have occupied his mind night and day. After hours and on weekends he would prowl the studio – familiarizing himself with the development of every project. He subjected each decision to intensive discussion, drawing upon every available source of expertise, and there is ample evidence to suggest that he sometimes mulled over ideas for years before they were permitted to reach this stage" (Christopher Finch, *The Art of Walt Disney, From Mickey Mouse to the Magic Kingdom*, New Concise Edition; Abrams, New York, 1975: p. 12).

In a 1940 *Atlantic Monthly* article, Paul Hollister describes Walt as "the spark-plug of production" at his new studio in Burbank: "No

story starts toward a picture until Walt has bought it or invented it, shaped it, tried it out, and given it a push." While the 'central casting bureau' is responsible for assigning talent to the pictures (Disney employed 650 artists





at this time), Hollister notes that “Through the production pattern of every picture Walt threads in and out like a guiding outline. Having done single-handed at one time or another, nearly everything that is being done in the studio, and having designed every functional fraction of the plant, Walt knifes into the most minute step of the most microscopic element in an effort to help, help, help. ‘He knows every detail of every process in the place,’ they say. ‘Don’t look to me for the answers,” he warns; ‘all I want you to use me for is approval”’ (“Walt Disney,” in *The Atlantic*, Dec. 1940). “Walt valued the opinions of those working with him,” wrote Roy, “but the final judgment was always unquestionably his.”

Late in his career, when asked by a child what he did at the studio, given that he hadn’t drawn any sketches for animation himself since about 1926, Walt replied: “Well...sometimes I think of myself as a little bee. I go from one area of the studio to another and gather pollen and sort of stimulate everybody. I guess that’s the job I do” (*Walt Disney: Famous Quotes*, The Walt Disney Company, 1994; P. 84, hereafter referred to as *WDFQ*).

### **To Dream The (Seemingly) Impossible Dream**

For many in business, avoiding risk is seen as inherently rational. This is often the position of those in finance, trying to hold in the reins of *any* exuberance in the boardroom, be it rational or irrational. In fact, paradoxically, in today’s fast-paced highly competitive

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world of business, the biggest risk is to fail to take a risk. In a competitive marketplace, maintaining the status quo is never an option, and never a fruitful road to the enhancement of shareholder value. Stagnation is death in business because consumer values and expectations are continually shifting and evolving.

Disney was an immovable force of forward momentum, and that often created business friction. It was as if Newton’s third law of motion (for every action there is an equal and opposite reaction) pertained to sociology rather than physics. Walt’s forward momentum in pursuit of his vision to bring joy, happiness, entertainment, and a positive and thoroughly American sense of life to the masses, created an opposing force straining to put on the brakes.

It takes a courageous and independent thinker to step forward and walk an uncharted path based on his or her own assessment of the situation. And it takes people with similar vision, courage, and independence of mind to support such innovators. It was Walt’s persistence, enthusiasm, reliance on the talents of others, demonstrated integrity (willingness to stand up for his own values and beliefs), and the ability to demonstrate the viability of his ideas in a business context, that allowed him to raise the capital he needed for each of his projects. Wrote Roy, “Bankers, bookkeepers and lawyers frequently tried to put the brakes on his freewheeling imagination and were the bane of Walt’s existence. As his business manager, I was no exception. ‘When I see you happy,



that's when I get nervous,' he used to say. Since Walt would spare no expense to make his pictures better, we used to have our battles. But he was always quick to shake hands and make up" (Roy O. Disney, "Unforgettable Walt Disney").

Walt wasn't always right and his ideas weren't always successful. He was honest enough, though, to recognize failure and learn from his mistakes. "All the adversity I've had in my life, all my troubles and obstacles have strengthened me," he said (*WDFQ*, P. 55).

Walt saw his early failures as humbling, character-building lessons. For example, in 1926, Walt began creating cartoons with a character called Oswald the Rabbit for New York distributor Charles Mintz. In February 1928, Walt went to New York to ask Mintz to raise the price per film from \$2,250 to \$2,500. Recognizing that Walt didn't own the copyright, Mintz had been secretly plotting with Disney's animators to steal Walt's business, and used this as an excuse to execute his plan. Walt saw it for what it was – an attempt to blackmail him into working for Mintz – but was determined to be his own man. He quickly started working on a solution.

Walt returned by train to California from New York. "What kind of a deal did you make, kid," Roy asked Walt. "We haven't got a deal,' Walt admitted. 'The distributor copyrighted Oswald and he's taking over the series himself.' Strangely," wrote Roy, "Walt did not seem downhearted. 'We're

going to start a new series,' he enthused. 'It's about a mouse. And this time, we'll own the mouse'" (Roy O. Disney, "Unforgettable Walt Disney", February 1969). What the competition didn't understand yet was that the success of the Disney company depended on the unique vision, ideas, skills and leadership talents of Walt Disney, even more so than those of his skilled animators and artists.

Walt seemed to have a healthy admiration for learning by trial and error, and viewed failure as a natural learning

process. If something didn't work as expected, the question was why not?, and then how can we make things better to achieve the desired result? This approach reflected the natural curiosity Walt had about the world and how things worked: "I happen to be an inquisitive guy and when I see things I don't like, I start thinking 'why do they have to be like this and how can I improve them?'" (*WDFQ*, P. 64).

Walt understood that to maintain his creative freedom on an ever-growing scale required an unceasing cycle of finding money, investing money, and making money. More than that though, it required new ideas: success in business requires success in creating profits. "I've always been bored with just making money," he said. "I've wanted to do things; I wanted to build things, to get something going. What money meant to me was that I was able to get money to do that for me" (*WDFQ*, P. 71).

Recognizing that Walt didn't own the copyright to Oswald the Rabbit, the distributor's agent secretly plotted with Disney's animators to steal Walt's creation.

What the competition didn't understand was that the success of Disney's films depended more on the unique vision, ideas, skills and leadership talents of Walt Disney than the skills of his animators and artists.



Walt's optimistic and aggressive pursuit of his business goals is aptly illustrated by an incident that occurred in the creation of his early hit cartoon, *Steamboat Willie*. Walt traveled to New York and paid \$1,000 to have the sound recoding made for *Steamboat Willie*. According to a 1937 RKO Pictures "Biographical Sketch of Walt Disney," Walt had worked out the problem of synchronizing sound to pictures with his studio staff before going to New York, so he knew it would work. The New York musicians, however, refused to follow his method, and the recording session was a total failure.

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From New York, Walt instructed Roy in California to find the money for a second recording session, in which Walt insisted on recording using his sound-to-film synchronization method. "Walt told Roy to sell his car, a Moon roadster he was very proud of: '...this may mean the making of a big organization out of our little Dump...I think this is Old Man Opportunity rapping at our door. Let's don't let the jingle of a few pennies drown out his knock...So slap a big mortgage on everything we got and let's go after this thing in the right manner'" (quoted in Charles Solomon, "The Man Who Was Never A Mouse").

Rich or poor, a man can dream all he wants to, but it takes money converted into productivity to build those dream and convert them into even greater wealth. As Merlin Jones writes in his essay 'The Spirit of

Youth,' Disney's ability to realize his dreams and promote them had a way of "mesmerizing audiences" and capturing their imaginations, allowing Disney to make a fortune and build an entertainment empire. Jones writes: "Historically, the more Walt horrified his bankers by reinvesting profits into seemingly impossible dreams, the more wealthy and powerful he became, the more the company grew and prospered, the greater the value came to the name 'Walt Disney'" (see <http://www.songofthesouth.net/news/archives/savedisney-spiritofyouth.html>).

It was Peter Drucker who pointed out that today's profits are tomorrows expenses. What he meant was that business profits are required to fund the ongoing expansion of any business. In this way profits benefit owners not primarily by putting money in their pockets, but rather by increasing the value of their investment and ensuring the future viability of the business.

Whatever the next idea was, Walt and his staff first imagined what was possible, then how to make it possible, and finally, what concessions to the possible had to be made. Walt was not good at accepting concessions.

Walt's objective in business was not to become a wealthy man, but to bring his dreams to life, share them with the world, and have the world accept them. Everything Walt and his company earned was reinvested into his next business idea. Whatever that next idea was, Walt and his staff first imagined what was possible, then how to make it possible, and finally, what concessions to the possible had to be made. Walt was not good at accepting concessions, and was famous for spending much more



time and money than the accountants and bankers thought prudent or rational. Through it all, his confidence that he could and would succeed was unshakeable, even under the most adverse conditions.

“Walt thrived on adversity,” wrote Roy. “Even with Mickey a hit, we were constantly in hock to the banks. When he made his first real financial bonanza, with *Snow White*, he could scarcely believe it. Sure enough, the good fortune was too good to last. *Snow White* made several million dollars when it came out. But Walt soon spent that and then some by plunging into a series of full-length cartoon features and building our present studio. To keep the studio afloat, we sold stock to the public – and it sank immediately from \$25 a share to \$3. Troubles piled up. The studio was hit by a strike. Then World War II cut off our European market. More than once I would have given up had it not been for Walt’s ornery faith that we would eventually succeed” (Roy O. Disney, “Unforgettable Walt Disney”).

For Walt, spending money to ensure the highest quality was a long-term investment in the Disney brand and its reputation for unsurpassed excellence that would pay dividends far into the future. To not invest this way was to accept a standard that abused the trust of the loyal Disney customer, and was seen by Walt as being more costly to the long-term interests of the business than lowering standards for short-term financial satisfaction.

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Time and time again business results demonstrated the wisdom of Walt’s integrity to his values and his obsession for what we would now call a market-driven total quality philosophy.

### **Seeing The Flowers, The Trees, And The Forest**

It was somewhat unconventional in 1932, during the depression, as is still often the case today, for business executives to commit to producing and delivering excellence, acting with an attitude

that only the best is good enough, and recognizing explicitly that the customer is an excellent judge of value and is willing to pay appropriately to acquire it. It was these deeply held rational pro-life values of Walt Disney that drove his decisions and actions, even when such values appeared to be irrational by the conventional business standards of the day.

Consider one example of these values in action. At a time when Walt Disney’s business was nearly bankrupt, in 1932 he completely re-made an almost completed black and white Silly Symphony cartoon called *Flowers & Trees* because new colour technology became available. Walt could have just released it in black and white, and made the next movie in color, but he saw himself as an innovator who was driven to push out into new frontiers, and assessed the additional expenses as a strategic business decision.

As Bob Thomas tells the story in his book *Walt Disney: An American Original* (Hyperion, New York, 1994), for years Walt had been intrigued with the notion of





adding colour to his cartoons, but had been unable to find or develop a process that would work. In 1932, after a number of years in development, Technicolor Motion Picture Corporation had developed a process that they believed would work for cartoons. They showed a test reel to Walt, who was convinced of its merit, but Roy was not.

Roy was worried that the colour might not stick to the celluloid or might chip off, and that the costs of perfecting the process would drive the company into bankruptcy. At this point in time, four years into the Great Depression, the company had been producing films at a loss. Production costs were rising, and their film distributor, Columbia Pictures, refused to raise the advance on each film from \$7,000 to \$15,000 which would help the Disney brothers keep the company solvent. Roy was having a difficult time meeting the weekly payroll.

Fortunately, through friends in the industry, the Disney's were able to negotiate a distribution deal and a \$15,000 advance per film, with United Artists. According to Bob Thomas, now that the Disney's had a little more breathing room, Roy argued that it made no sense to incur the additional expense to make a colour movie because UA was going to pay the same \$15,000 advance whether the film was in black and white or colour, and that the decision to start over again and redo everything in colour would put the business at risk. "Yes,

but don't you see, Roy?' Walt replied. 'Maybe United Artists won't give us any more dough, but the pictures will create so much excitement that we'll get longer playdates and bigger rentals. That'll bring the money back eventually.'" Roy argued back that it would take years before they saw any of that money given the current liabilities held by the company in the form of existing movie advances that had to be repaid, and besides, what if the new colour technology didn't work as promised? "Then we'll develop paints that *will* stick and *won't* chip," replied Walt."

Walt: "But don't you see, Roy?... The pictures will create so much excitement that we'll get longer play dates and bigger rentals. That'll bring the money back eventually."

Roy tried to get others in the studio to convince Walt of the folly of introducing colour, but Walt only became more convinced that colour would raise animation to new levels of creativity that customers were demanding. Given that he couldn't reopen negotiations with UA, he went to Technicolor. Writes Thomas: "Walt used his brother's reluctance to evoke a concession from Technicolor. 'Roy says color is going to cost us a lot of money that we'll never get back,' Walt argued. 'So if we take a chance on it, you've got to assure us that every other cartoon producer isn't going to rush into the theaters with Technicolor.' The company agreed to grant Disney two years' exclusive use of the three-color process. Roy grumbling consented to a contract" (*Walt Disney: An American Original*, P.p. 114-115). Walt was able to leverage his reputation for quality and excellence to his advantage.

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At that time, Disney's 29<sup>th</sup> Silly Symphony cartoon *Flowers and Trees* was half completed. Walt ordered the backgrounds and action sequences to be redone in colour. As the coloured cels were photographed, Roy's concerns proved to be valid: the dried paint chipped off the celluloid and the colours faded under the hot lights. Walt worked day and night with his laboratory technicians until they developed an adhering paint of stable colours.

When it was finally reworked into colour and completed, *Flowers and Trees* was a sensational success, receiving as many bookings as the hottest Mickey Mouse cartoons. From that point forward, all Silly Symphony cartoons from Disney Studios would be in colour, and they had a two year exclusive with Technicolor. The success of *Flowers and Trees* verified Walt's point of view that innovation and a commitment to the highest quality standards was smart business because it created public interest and demand.

In November 1932, Walt Disney received the first Academy Award for a cartoon – *Flowers and Trees* – as well as a special award for the creation of Mickey Mouse. In his lifetime, Walt Disney, along with members of his staff, received 48 Academy Awards and seven Emmys.

### **Mirror, Mirror, On The Wall**

Adult audiences had come to adore Disney cartoons as opening films shown prior to the feature presentation. Why not make a full-

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length cartoon feature, thought Walt. The reason why not was obvious to every other cartoon studio at the time. First and foremost, nobody had yet done it, so the concept was unproven. Most were certain that movie-goers would not have the patience to sit through a cartoon of such inordinate length. The second reason was the high cost of such a risk should it fail.

Walt had thought long and hard about how to make the idea work. What was needed most of all was a good story

with characters that would enchant the audience and draw them into the story and beyond the sheer spectacle of the animation itself, of which the quality, scene design, and music were also key.

Walt's original estimate for the cost to produce *Snow White* was \$250,000, roughly equivalent to the budget of a first-run film in 1937. But as costs quickly mounted and production time lengthened, Walt himself began referring to the film as 'Frankenstein.'

As the budget for *Snow White* climbed and Walt wondered if the studio would ever earn the money back, Roy came to him with the news that the studio had run out of funds.

As the budget climbed and Walt wondered if the studio would ever earn the money back, Roy came to him with the news that the studio had run out of funds and would have to borrow another quarter of a million dollars to finish the movie. With Roy's prompting, Walt was forced to

showed parts of an incomplete *Snow White*, which included pencil animation and storyboard sketches, to his banker to try and demonstrate the collateral for the loan, trying to sell him, in Walt's words, "a quarter of a mil-



lion dollars worth of faith.” Walt later recalled the incident: “He showed not the slightest reaction to what he viewed. After the lights came on he walked out of the projection room, remarked that it was a nice day – and yawned! He was still deadpan as I conducted him to his car. Then he turned to me and said, ‘Walt, that picture will make a pot of money.’” (“Walt Disney’s Speech accepting the Showman of the World Award,” National Association of Theater Owners, October 1, 1966). *Snow White* ended up costing the studio every dime it had, coming in at around \$1.5 million.

The film premiered on December 21, 1937, in Hollywood to the astonishment and praise of all who saw it. It was a smash hit, and quickly became the highest grossing film of all time, earning the studio millions of dollars.

As a result of the quality of the film, “*Snow White and the Seven Dwarfs* made a very strong case for animation as an elevated art form rather than simple entertainment. At the same time the animated film became the equal of the live-action feature film in the eyes of both critics and paying customers” (Goodman, “The Light That Might Have Failed”).

Walt Disney later said: “The success of the *Silly Symphonies* gave us the courage for *Snow White*. And you should have heard the howls of warning! It was prophesied that nobody would sit through a cartoon an hour and a half long. But, we had decided there was only one way we could

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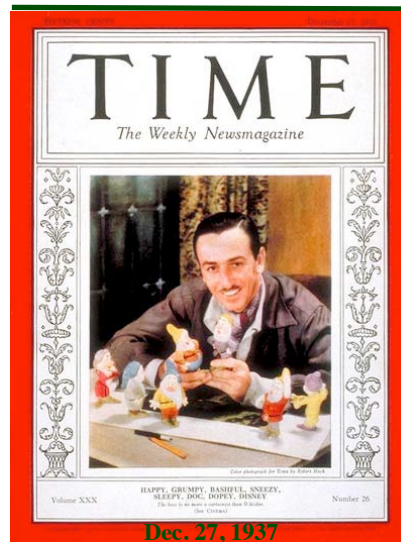
successfully do *Snow White* – and that was to go for broke – shoot the works. There would be no compromise on money, talent or time.

We did not know whether the public would go for a cartoon feature; but we were darned sure that audiences would not buy a bad cartoon feature” (“Walt Disney’s Speech accepting the Showman of the World Award,” National Association of Theatre Owners,

October 1, 1966).

Walt was meticulous about proving to the world that an animated feature was viable if it was done right, as he envisioned it. Grim Natwick, one of four animators of the character of Snow White, recalled that “Disney had only one rule: whatever we did had to be better than anybody else could do it, even if you had to animate it nine times, as I once did” (quoted in Charles Solomon, “The Man Who Was Never A Mouse,” no longer available at [www.savedisney.com](http://www.savedisney.com)).

Walt’s uncompromising standards were not arbitrary or neurotic in nature. They were based on Walt’s own high-level integration and rational consideration of the facts, and the objective requirements to effectively succeed in business. Writes David Johnson, “Disney finally unlocked the heretofore hidden potential of a medium whose capability he knew existed for some time” (“The Image – Part One”).



The resounding success of *Snow White* proved that Walt’s assessment of the potential of the medium was right. It also shows that Walt was smart enough to know that this suc-



cess meant a fundamental change in his business model and the future of the business: “When *Snow White* hit, we realized we were in a new business. We knew it within a week after the picture had opened.... We had been heavily in debt and within six months we had millions in the bank” (*WDFQ*, P. 87).

If the success of *Silly Symphonies* was the driver of *Snow White*, then the success of *Snow White* was the driver of all that came afterward.

### **A Wish May Be A Dream Your Heart Makes, But Conceptualizing Disneyland Required A Visionary Genius**

Walt made his mark in animation by applying his natural talent in story-telling and by investing in the development of new technological advances within his industry and capitalizing on their benefits. When he started in animation, he was a self-trained outsider. It was a similar story when it came to amusement parks. Walt was an outsider, and it is this outsider’s perspective that likely allowed him to bring new thinking and new solutions to the big problems facing the amusement park industry in a way that the insiders were immune from perceiving.

The amusement park owners and managers of the 1940s operated with a set of shared values codified as conventional wisdom, and thereby chained themselves to a world-view (a paradigm) that was at odds with real unarticulated values held by their customers. For the most part, amusement park owners were primarily focused on serving their own interests by providing customers with the minimum amount of quality and value to maintain their

business. They certainly were not customer focused, and hardly customer sensitive, in the way we understand those terms today, and in the way Walt Disney understood them then and had already internalized within his operations.

Walt Disney had a different view of what an amusement park could be and a clearer vision of what consumers would value. He had spent years thinking about how to solve the problem of creating a place where parents could take their children and enjoy their time doing things *together*.

The story of the birth of the concept for Disneyland was told many times by Walt: “It came about when my daughters were very young and Saturday was always daddy’s day with the two daughters. So we’d start out and try to go someplace, you know, different things, and I’d take them to the merry-go-round and I took them to different places and as I’d sit while they rode the merry-go-round and did all these things – sit on a bench, you know, eating peanuts – I felt that there should be something built where the parents and the children could have fun together. So that’s how Disneyland started. Well, it took many years...it was a period of maybe 15 years developing. I started with many ideas, threw them away, started all over again. And eventually it evolved into what you see today at Disneyland. But it all started from a daddy with two daughters wondering where he could take them where he could have a little fun with them, too” (*WDFQ*, P. 32).

That’s the story from the daddy perspective. But one of Walt’s great attributes was his

When it came to amusement parks, Walt Disney was an uneducated outsider. That’s what allowed him to bring new thinking and new solutions to the big problems facing the industry.





ability to experience something from multiple perspectives. Here's another perspective from Walt: "I wanted to create a place where a daddy could go and have as much fun as his little girls and boys. Just imagine if you're a little girl, looking forward all week to taking a trip to the park with your dad, and you get on a horse that won't jump. That's awful. Add to this chipped paint, stale popcorn, limp cotton candy and unpleasant employees. What a disappointment" (quoted in Vance & Deacon, *Break Out Of The Box*, P. 96).

Walt's idea for a permanent family-friendly amusement park was completely different from anything that existed at the time. He honed it over the years and did research during his travels, visiting countless parks, state and county fairs, circuses, carnivals and national parks. He observed the things that made them appealing to visitors and the things that they disliked. Apparently, Coney Island was "so battered and tawdry and the ride operators were so hostile that Walt felt a momentary urge to abandon the idea of an amusement park" wrote Disney biographer Bob Thomas in *Walt Disney: An American Original*. The closest thing he could find anywhere in the world to his vision was Tivoli Gardens in Copenhagen for its cleanliness, variety of family-friendly activities, festive ambiance, and grandeur. (See [http://en.wikipedia.org/wiki/Tivoli\\_Gardens\\_Copenhagen](http://en.wikipedia.org/wiki/Tivoli_Gardens_Copenhagen). To see a picture of Walt at Tivoli go here: <http://home.worldonline.dk/jesperj/biography/disney.jpg>.)

In contrast to the parks he had seen, Walt described what he was trying to achieve at Disneyland: "Physically, Disneyland would be a

small world in itself – it would encompass the essence of the things that were good and true in American life. It would reflect the faith and challenge of the future, the entertainment, the interest in intelligently presented facts, the stimulation of the imagination, the standards of health and achievement, and above all, a sense of strength, contentment and well-being" (*WDFQ*, P. 30). "It will be a place for the people to find happiness and knowledge" (*WDFQ*, P. 34).

Walt saw the potential customer-base for his park as families, not thrill-seekers, and hence as far larger than those who were current customers of amusement parks and midways. From Walt's perspective, most families stayed away from such places because they weren't safe, clean, friendly or fun. In fact, most were downright dangerous and attracted elements of society that parents with young children did not want to associate with.

Moving the project along from a fanciful idea, to a concept, to a reality was no easy job for Walt, because to achieve his goal, he first had to convince others to join him in embracing his vision, which would later become known as "Walt's Folly." With the Disney Corporation extremely successful but always one failed project away from insolvency, it was difficult to convince anybody, especially Roy, that this particular investment had merit. That shouldn't be too surprising given the reputation of amusement parks and fairgrounds, and the generally poor experience of attending one. Walt spoke to his difficulties: "So I had a little dream for Disneyland adjoining the Studio, but I couldn't get anybody

With the Disney corporation always one failed project away from insolvency, it was difficult to convince anybody, especially Roy, that investing in an amusement park had merit.



to go in with me because we were going through this depression. And whenever I'd go down and talk to my brother about it, why he'd always suddenly get busy with some figures so, I mean, I didn't dare bring it up. But I kept working on it and I worked on it with my own money. Not the Studio's money, but my own money" (*WDFQ*, P. 35).

From Roy's perspective, the Studio was just getting back on track after World War II, and he was worried about a number of things: that Walt didn't know anything about the amusement park business; that building the park could put the company under serious financial strain; that shareholders wouldn't go along with such a farfetched idea; and that Walt's focus was being diverted from where it was needed most – ensuring the success of the film projects already in progress.

With Roy's intransigent refusal to support the amusement park concept, Walt established his own corporation in 1951 (originally Walt Disney, Incorporated, but later changed to WED Enterprises) for the purpose of developing and building Disneyland. To raise the original \$100,000 investment, Walt borrowed from his life insurance policy, mortgaged or sold all the property he owned - including the sale of his vacation home in Palm Springs - with the exception of his primary residence, and accepted contributions from a few enthusiastic employees.

Where Roy saw the idea of Disneyland as a risky and tangential distraction from Walt

Disney Production's core business as a film studio, for Walt, the idea of a park had grown into something completely different. Walt had come to understand that Disneyland could become the impetus to change his existing business model – again. Always thinking bigger, Walt began to make the argument – consistent with his own ambitions – that Disney wasn't just in the film production business. Rather, it was in the *entertainment* business. The park and the movies could be self-reinforcing. By this time, Walt and his team at WED had produced numerous conceptual drawings and plans for the park in an attempt to define his vision.

Finally, after seeing the plans and recognizing that Walt's commitment was not going to diminish, Roy was finally won over, becoming convinced that nothing could stop Walt from pursuing his desire for a park. Having now been bitten by Walt's vision, and fully committed to the cause, Roy suggested they go bigger than Walt was proposing. Bigger meant more money, and Roy doubted that their bank would risk investing in a Disney amusement park. The immediate problem, then, was: How could they raise the money needed?

The answer, said Walt, was television. Writes Bob Thomas: "The Disneys had considered television as a medium for their pictures ever since the mid-thirties, when they ended their relationship with United Artists because the distributor insisted on retaining the television rights. In 1950 and

Walt had come to understand that Disneyland could become the impetus to change his existing business model. Disney wasn't just in the film production business, it was in the *entertainment* business.

The immediate problem was: How could they raise the money needed? The answer, said Walt, was television.



1951, Walt had produced special programs for NBC, and he was impressed by the huge audiences they drew. All three networks had urged him to produce a weekly series, but he had declined. Disneyland provided the impetus. He figured a network could help him finance the park. And the series would publicize both Disneyland and the theatrical product” (*Building a Company*, P. 183).

Shortly after Roy was onside, Walt made his argument to the board that the company had an opportunity to raise its vision from films to entertainment, and to build Disneyland by entering into a television deal that would include funding for the park and provide immense benefits to promoting the films and Disneyland itself to millions of people every week.

Roy went to New York and eventually signed a deal with ABC-Paramount in which Disney would provide ABC with a one-hour weekly program, and ABC-Paramount would help finance Disneyland by investing \$500,000 for a 34.48% stake and guaranteeing a loan of \$4.5 million. Walt Disney Productions also invested \$500,000 for a 34.48% stake, and Walt invested another \$250,000 for a 17.25% ownership. Final financing came from an \$11 million loan from the Bank of America.

This arrangement seems trite by today’s business standards, but it was both scandalous and revolutionary at the time. It was similar in form to the consternation that companies like

IBM, Encyclopedia Britannica, and Barnes & Noble had to deal with when technological innovation disrupted their business models.

Eventually a deal was signed with ABC-Paramount in which Disney would provide a one-hour weekly program in return for help financing Disneyland. “The Disney-ABC deal stunned Hollywood. The movie bosses still considered television the enemy.”

Once again Walt proved that he was more visionary than his value-myopic competitors.

Here’s what Thomas writes about the impact of the Disney-ABC deal:

“The Disney-ABC deal stunned Hollywood. The movie bosses still considered television the enemy. Stars were forbidden to appear on TV. Even though millions of Americans had TV sets in their living rooms, you never saw one featured in a movie.

“Goldenson [owner of ABC and Paramount Theaters], whose Paramount theaters were

important buyers of films, remembers being invited to lunch with the top executives of MGM. ‘You’re being a traitor to the motion picture industry,’ he was told. ‘You’ll take all our directors, producers, and talent over to television, and we won’t have anybody to carry on ourselves.’

“‘That’s silly,’ Goldenson replied. ‘Let me ask you: If I were able to put a trailer of your next picture into every home in the United States, how much would you give me? A million dollars? Well, I rest my case.’” (Thomas, *Building A Company*, P. 185).

Once again Walt proved that he was more visionary and a better businessman than his value-myopic competitors, be

they amusement park owners or movie moguls.

While Goldenson may have been a bit cocky in having snagged Disney for his network, he



wasn't singing the same song when a few years later Disney jumped to NBC. His criticism in part demonstrates what set the visionary Disney Brothers apart from their competition. Goldenson complained that "that Disneys had turned out to be terrible business partners," and that instead of redistributing Disneyland profits to shareholders, of which ABC-Paramount owned 34%, "Disney kept plowing his profits back into park expansion." Apparently ABC did not ascribe to the Disney approach of long-term investing for growth. In response, Roy complained: "They're just a dollar-minded bunch. They run the business for money first" (in J.A. Aberdeen, "Walt Disney: The SIMPP Years," at [http://www.cobbles.com/simpp\\_archive/walt-disney\\_post-simpp.htm](http://www.cobbles.com/simpp_archive/walt-disney_post-simpp.htm)).

The Disneys' had the foresight to include a seven year share buy-back option in the original ABC deal, through which they repurchased the ABC-Paramount interest in 1959 for \$7.5 million, resulting in a \$7 million gain to ABC, and providing Walt Disney Productions with complete control of the theme parks.

Returning to the story of Disneyland and Walt's new vision for a three-pronged thrust to dominate the entertainment industry (film, parks, television), Walt had a number of advantages in the creation of a new theme park paradigm that current amusement park owners lacked. As a result of his movie and television success, he

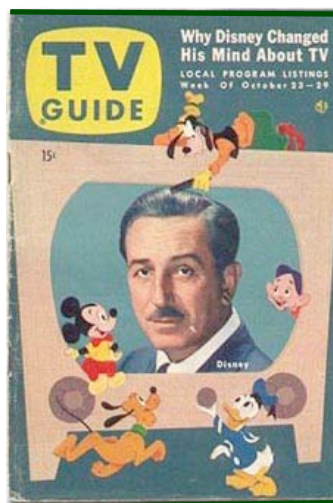
had an established brand, media access, money, and the ability to attract more. More importantly, he had the courage to pursue his ambition. Personal and business vision, courage, money, and an understanding of how to create and deliver value to consumers and shareholders, provided Walt – and eventually Roy – with the ability to transform Walt's vision into reality, and thereby create for himself and for all those who derived value from his creation, the self-proclaimed 'happiest place on earth.'

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### From Mickey Mouse to Mickey's House

As already noted, Walt didn't act on his ideas in an arbitrary fashion. He was very systematic in moving ideas into visual concepts through storyboarding and three-dimensional design. After a number of preliminary sketches for his park, Walt locked himself away for a weekend with one of his artists to produce a new sketch of a bigger and better vision. Roy took this rendering to New York to help sell the Disneyland concept to the TV studios. He also used it to assess the concept with the leading amusement park owners of the day.

To help further understand the flavour of what Walt Disney was up against in the creation and building of Disneyland, and how innovative his thinking was at the time, I will quote at length from the summary of a speech by former Walt Disney Imagineer, Bob Rogers (from "The Coming Revolution in Themed Entertainment," a speech delivered at







the IAAPA Tradeshow, Orlando, FL, in 1997, and available at <http://www.themedattraction.com/future.htm>). Mr. Rogers worked on Florida Disney attractions and Pavilions at EPCOT, and later founded BRC Imagination Arts in 1981, a theme park and attraction design company. He has won awards for his innovative productions at Kennedy and Houston Space Centers, Spirit Lodge, and Vancouver Expo.

Here is Roger's fascinating telling of a meeting between the old paradigm and the new:

*The public relations story says that it all started at a merry-go-round in Los Angeles, California, where a father, Walt, had taken his two daughters in a failing attempt to find some family fun...but the real revolution began late one stormy November night in a hotel room in Chicago...*

*You have entered a classic smoke filled room. There are Cuban cigars, caviar, and entire case of Chivas Regal and seven men. It is [1953], during the annual meeting of the National Association of Parks, Pools and Beaches; the organization that later became the AAPA, [and is now the IAAPA – International Association of Amusement Parks and Attractions].*

*Walt Disney is not here; the three men representing Walt know relatively little about theme parks. They are Buzz Price, Dick Irvine and Nat Weinkoff. The other four men in the room are here to confidently tell the first three why Walt's ideas will fail. They are the*

*giants of our industry in 1953, the most experienced, successful and respected owners and operators of amusement parks. They are William Schmitt, owner of Riverview Park in Chicago, Harry Batt of Pontchartrain Beach Park in New Orleans, Ed Schott of Coney Island, and George Whitney of Playland at the Beach in San Francisco.*

*The three from Disney unroll this bird's eye master plan drawn by Herb Ryman and they stick it to the wall with masking tape, and they stand back and invite comments.*



*It's a massacre! Now I'm going to tell you what they told these guys that night...*

*1. All the proven money makers are conspicuously missing: No roller coaster, no ferris wheel, no shoot the chute, no tunnel of love, no hot dog carts, no beer. Worst of all, no carney games like the baseball throw. Without barkers along the midway to sell the sideshows, the marks won't pay to go in. Customers are likely to slip out of your park with money still left in their pockets.*

*2. Custom rides will never work. They cost too much to buy, they will be constantly breaking down resulting in reduced total ride capacity and angry customers. Only stock, off the shelf rides are cheap enough and reliable enough to do the job, and besides, the public doesn't know the difference or care.*

*3. Most of Disney's proposed park produces no revenue but it's going to be very expensive to build and maintain. Things like the castle and the pirate ship are cute but they aren't*



rides, so there isn't any economic reason to build them, is there?

4. Town square is loaded with things that don't produce revenue, like town hall for the fire department, and of course the town square itself.

5. The horse cars, the horseless carriages, and the western wagon rides have such small capacity and cost so much to run that they will lose money even if they run all the time.

6. You can't operate an amusement park year round; 120 days per year is the best you can do.

7. Walt's design only has one entrance. This is going to create a terrible bottleneck! Traditional wisdom dictates entrances on all sides for closer parking and easier access.

8. You'll lose money providing all those design details and nice finishes. The people are going to destroy the grounds and vandalize the ride vehicles no matter what you do, so you might as well go cheap.

9. Walt's screwy ideas about cleanliness and great landscape maintenance are economic suicide. He'll lose his shirt by overspending on these things which the customers never really notice.

10. Modern mid-twentieth century amusement park management theory dictates: Build it cheap and then control your costs. Employment theory is similar. Pay your employees the least you can and then ride them hard and get ready to fire them, because they steal from you.

*The bottom line: The customers spend about one dollar per capita when they go to an amusement park and they will never spend more. Mr. Disney's park idea is just too expensive to build and too expensive to operate. Tell your boss to save his money, they said. Tell him to stick to cartoons. Tell him to stick to what he knows and leave the amusement business to professionals.*

*The establishment of 1953 had spoken!*

So what happened?

Walt figured out how to get the revenue per person up from one dollar to \$4.50 the first year, and up to \$6.00 the second year. The

Walt figured out how to get the revenue per person up from one dollar to \$4.50 the first year, and up to \$6.00 the second year. Before Disney the average stay time at an amusement park was less than two hours. At Disneyland the average stay-time was an unprecedented seven hours.

key driver of spending was stay time. Before Disney, the average stay time at an amusement park was less than two hours. Disneyland was no average amusement park though. It was pleasant and refreshing and fun, and the average stay time was an unprecedented seven hours. How did he get people to stay longer? "Back in the early 1950's," writes Bob Rogers, "Walt noticed that the atmosphere at most parks was not relaxing. The colors and

graphics were garish, the barkers were irritating, and the employees looked dangerous, and the place was noisy and dirty. Stay times were around two hours partly because in that environment, people got tired faster. Walt got those seven hour stay times by using lush landscaping, a relaxing ambiance, and a balanced blend of big thrills and little discoveries to keep the guests constantly relaxed and refreshed." Because stay time went up, so did spending on food, retail, and ride tickets. And because the place was an attraction in and of



itself, people were willing to pay for admission!

Walt focused on the guest experience, and as an artist, that led him to adopt a design perspective. Everything about his park was designed and built with a focus on achieving the desired guest experience, with as little compromise as possible. Walt started the design process by planning the circulation patterns of the customers first, making it a top priority. “He planned every attraction from the perspective of the guest rather than the operator or manager. Walt focused on the people” (B. Rogers, in “The Coming Revolution In Themed Entertainment”).

By contrast, the standard industry thinking at the time was just what you would expect: ride operators focused on their own particular problems of operating rides, which mainly pertained to minimizing labour and maintenance costs. But customer priorities were different: they wanted cleanliness, service, adventure, music, magic, and fun, attributes that were rare in the amusement park business before Disneyland. The industry leaders believed that to deliver all that would require magic; Walt believed that if customers could experience all that they would experience magic. With the challenge defined for Walt, he set out to create magic.

Bob Rogers’ retelling of why the establishment of the day thought Disney was bound to fail is an enlightening read, and is worth remembering when assessing why many of to-

day’s business models may appear to be failing. It is because these models are not aligned with the values of the marketplace. It is also worth remembering that when outsiders or subordinates who we think don’t know anything about our business make what appear to be absurd suggestions on how we can improve things, it is better to take the time to understand such thinking than to dismiss it out of hand as coming from an ignorant and uninformed

source. Paradigm shifters or Blue Ocean thinkers usually come from outside the industry or discipline experiencing disruption.

Managing massive change is difficult, and perhaps extraordinarily so. But sometimes we need to throw aside the old and reinvent a new, more enlightened paradigm. More executives need to do what is exceedingly difficult: spend more time *thinking* about how to create customer value tomorrow and how to bring that vision into reality, instead of doing what is exceedingly easy: trusting yesterday’s voices of success and following yesterday’s well-worn road to reach yesterday’s destination.

The main challenge of business leaders is difficult to achieve: namely, creating the best solution to solve customer problems by delivering the products and services that fulfill the values that they so desperately desire, in an ethical and profitable manner.

But difficult doesn’t mean impossible. It requires innovative thinking, vision, leadership, tenacity and courage, all traits Walt Disney demonstrated in spades over and over again.

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The first orange tree on the Anaheim property was removed in August 1954, and the park opened eleven months later on July 17, 1955, with attendance breaking the one million barrier in just seven weeks. This was likely due to the publicity the park received on Disney's TV show on ABC, the first of which aired in October 1954, and featured *The Disneyland Story* about the planning and building of the park.

In planning and building Disneyland and the operational and organizational structure to support it, there was no existing blueprint, no standards to follow. Most of it was trial and error. Whatever worked was kept and improved upon; whatever failed to meet the needs of the public in the eyes of Walt Disney was changed and replaced by a better idea.

Most businesses operate in conformance with the 80/20 ruled: get 80% right, and ignore the other 20%. Of course, the other 20% may just be the little details that really make a difference to the customer relative to competitive offerings. Walt was obsessed with getting everything right, down to the last one percent, which is the secret pixie dust that delivers the magic at Disney theme parks.

In the end, Walt believed that with the phenomenal success of Disneyland – in the face of ridicule and against all of the critics – he had finally demonstrated for the last time the practicality of his obsession with creating a strong vision and paying close attention to the little details that make all the difference to the experience of customers and the success of a business. He saw it as an issue of adherence

to one's values, of integrity. With regards to Disneyland, he said: "Give people everything you can give them. Keep the place as clean as you can keep it. Keep it friendly, you know. Make it a fun place to be" (cited in Naversen, "Contagious Business Philosophy the 'Disney' Way!").

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The success of Disneyland has been more far-reaching than just the reinvention of the amusement park. It had, and continues to have, an impact in the areas of urban design and architecture. Consider, for example, the words of town developer James W. Rouse in his keynote address to the Urban Design Conference at Harvard University in 1963: "I hold a view that may be somewhat shocking to an audience as sophisticated as this: that the greatest piece of urban design in the United States today is Disneyland. If you think about Disneyland and think of its performance

in relationship to its purpose, it's meaning to people – more than that, it's meaning to the process of development – you will find it the outstanding piece of urban design in the United States.

"It took an area of activity – the amusement park – and lifted it to a standard so high in its performance, in its respect for people, in its functioning for people, that it really does become a brand new thing. It fulfills all its functions it set out to accomplish, un-self-consciously, usefully, and profitably to its owners and developers.

"I find more to learn in the standards that have been set and in the goals that have been





achieved in the development of Disneyland than in any other piece of physical development in the country” (quoted in Walt Disney’s last film, outlining the plans for his Florida property, a transcript of which is available at: [http://www.waltopia.com/florida\\_film.html](http://www.waltopia.com/florida_film.html)).

The practical result of managing to the highest standard of excellence aligned to consumer values is that you probably won’t have many serious competitors. More than half a century after Disneyland opened, Disney is still perceived as the undisputed leading and trusted brand in the category of “family entertainment,” and Walt’s many paradigm-shifting achievements continue to be studied and copied in an attempt to try to duplicate the Disney magic.

### **Epcot: Walt’s Dying Dream And Final Frontier**

When Walt was asked about the nature of the work he did, long after he stopped drawing cartoons, he described himself as an idea man. To this extent, Walt didn’t live in the present; he lived in the future. He was a visionary, a dreamer, with a strong will to make his dreams come true. Here is how he described his vision of an ideal prototype, future community, which he called an Experimental Prototype Community of Tomorrow, or as we now know the acronym, EPCOT, to be built in central Florida.

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“But the most exciting and by far the most important part of our Florida project...in fact, the heart of everything we’ll be doing in Dis-

ney World...will be our Experimental Prototype Community of Tomorrow! We call it EPCOT. EPCOT...will take its cue from the new ideas and new technologies that are now emerging from the creative centers of American industry. It will be a community of tomorrow that will never be completed, but will always be introducing and testing and demonstrating new materials and systems. And EPCOT will always be a showcase to the world for the ingenuity

and imagination of American free enterprise. I don’t believe there’s a challenge anywhere in the world that’s more important to people everywhere than finding solutions to the problems of our cities. But where do we begin...how do we start answering this great challenge? Well, we’re convinced we must start with the public need. And the need is for

starting from scratch on virgin land and building a special kind of new community.... Everything in EPCOT will be dedicated to the happiness of the people who live, work, and play here...and to those who come here from all around the world to visit our living showcase. We don’t presume to know all the answers. In fact, we’re counting on the cooperation of American

industry to provide their best thinking during the planning and creation of our Experimental Prototype Community of Tomorrow. And



most important of all, when EPCOT has become a reality and we find the need for technologies that don't even exist today, it's our hope that EPCOT will stimulate American industry to develop new solutions that will meet the needs of people expressed right in this experimental community" (*WDFQ*, P. 53).

Walt first began thinking about his EPCOT concept in 1958, and his team of designers and engineers worked on EPCOT secretly during his final year of life.



EPCOT was envisioned by Walt to be a city of 20,000 people in the heart of Florida, with an ultra-modern transportation system of monorails, trains, people-movers, and electric vehicles, all contained under a temperature controlled glass dome. Among the major features of EPCOT were to be "a cosmopolitan hotel and convention center towering thirty or more stories. Shopping areas where stores and whole streets recreate the character and adventure of places 'round the world... theaters for dramatic and musical productions... restaurants and a variety of nightlife attractions. And a wide range of office buildings, some containing services required by EPCOT's residents, but most of them designed especially to suit the local and regional needs of major corporations." But there were also more unconventional visionary aspects of EPCOT: "The entire fifty acres of city

streets and buildings will be completely enclosed. In this climate-controlled environment, shoppers, theatergoers, and people just out for a stroll will enjoy ideal weather conditions, protected day and night from rain, heat and cold, and humidity... Only electric powered vehicles will travel above the streets of EPCOT's central city" (from the transcript of Disney's EPCOT film at [http://www.waltopia.com/florida\\_film.html](http://www.waltopia.com/florida_film.html)). Sounds an awfully lot like the then future city of Las Vegas, which probably owes a larger

debt to Walt Disney for its continued growth than many would care to acknowledge!

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The idea of taking the Disney core competencies of paradigm-shifting vision and creativity, design and engineering expertise, and long-term massive scale building and planning to serve the values of consumers, and applying it to the private development of a complete city is audacious to its core.

to serve the values of consumers, and applying it to the private development of a complete city is audacious to its core, but not beyond the realm of credibility. If there was one person that could garner the support of the American public and industrial interests of the time, that man was Walt Disney.

Given the improbability that such a city as imagined by Walt would be affordable and sustainable, even with the help of other leading industrialists,

it is hard to say how much of this utopian concept was something Walt believed was doable in the latter 1960s, and how much



of it was showmanship and publicity to promote the announcement of Disney World, and to leave behind a final larger-than-life legacy to sustain his role as a visionary and titan of American industry.

Walt died before Walt Disney World was completed, and EPCOT was never built to his vision. Even without the glass-domed city, when EPCOT opened in October 1982, it had cost \$1.4 billion dollars, took three years to build, and at the time was the largest construction project on earth (see <http://en.wikipedia.org/wiki/Epcot>).

Walt Disney's presentation of EPCOT to the public was filmed one month before he died, but not shown until after his death. He knew he wouldn't live to see the start of EPCOT and Walt Disney World, and so it's hard to tell how much of his vision was unconstrained by the practical realities of building it profitably in the late 1960s and early 1970s. All aspects of an experimental city as Walt envisioned it were absent from EPCOT at its opening in 1982, indicating that Walt's vision was not widely and enthusiastically shared by others. This would not have been the first time that the corporate interests did not see eye-to-eye with Walt's vision. Recall that Walt had to form his own corporation to pursue his dream of creating Disneyland. Yet perhaps there is considerable hidden economic value in the creation of a fully controlled experimental prototype city of tomorrow that also serves as a tourist attraction, value that

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All aspects of an experimental city as Walt envisioned it were absent from EPCOT at its opening in 1982, indicating that Walt's vision was not widely and enthusiastically shared by others.

Walt implicitly understood but could never put forward a rational argument or business case to support his intuition. But surely nobody but Walt himself would be willing to bet the whole company on such an endeavour – the last in a succession of 'Walt's follies.'

Walt's vision of EPCOT demonstrates the future direction he would have pursued had he had more time. He had a history of applying new technologies to push forward the

frontiers of human entertainment, well-being and personal happiness. He was an American idealist and optimist, convinced that freedom and ingenuity would always conquer mankind's ills and improve his lot in life. The next frontier for Walt Disney would have been the practical application of leading technologies to serve mankind at work and play, beyond the realm of entertainment as a leisure pastime. It was Walt's belief that "if we can bring together the technical know-how of American industry and the creative imagination of the Disney Organization – I'm confident we can create right here in Disney World

a showcase to the world of the American free enterprise system" (*WDFQ*, P. 54).

Walt must have had a larger and deeper vision for 'everyman' that unfortunately he was only able to communicate in the medium he knew best: drawings and painting. Walt, the futurist, left little else behind to ground his concept of

the future of American cities. He left it up to our own imaginations to combine his prototype sketches with his expressed values to



derive our own picture of highly technical yet humanistic communities based on what Walt called the 'traditional American values' of curiosity, inventiveness, hard work, personal achievement, opportunity, honesty, self-fulfillment, happiness, pride, fellowship, generosity and community.

## PART 2

### Walt Disney's Business Philosophy

The Walt Disney story is as fascinating as fiction. From humble beginnings to a humble ending, Walt's life is a tribute to the old fashioned American Dream.

As a youth of nine, and for many years thereafter, Walt would be awakened at 3:30 each morning to work his father's paper route and thereby help to support the economic viability of his family's survival on their mid-western farm. By the end of his life, his name was known to almost every person on the planet, and he was conceptualizing and designing a futuristic city in the hopes of fulfilling his own ambitions and improving the state of humanity. His persona combined nostalgic sentiment for the value and fellowship of small-town America, with dreams of the potential for modern science and technology to enhance our lives and way of living. He saw himself as an innovator, filmmaker, storyteller, showman and educator, and made it his mission in life to create family fun in his own unique way. He also saw himself as a cheerleader for hard work, rugged individualism, optimism and

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Walt was the creative force behind the business. He saw it as his job to establish the vision and corporate culture, create marketable ideas, and lead his staff through the creative and product development process to deliver something to consumers that they would value.

dream fulfillment, and the greatness of America (Disneyland was originally designed as Walt's tribute to, and celebration of, America).

Walt was the creative force behind the business and the studio. He saw it as his job to establish the vision and corporate culture, create marketable ideas, and lead his staff through the creative and product development process to deliver something to consumers that they would value. It was Roy's job to manage the financial side of the business and try to constrain Walt's unbounded enthusiasm for perfection with little regard to cost.

Throughout his career, Walt's way of doing business is clear, as he intuitively follows a classical marketing approach. It starts with the identification of a consumer need and a definition of a market that corresponds to his own personal ambitions and values. In each case – from selling cartoons to independent movie houses, to the addition of sound and colour, to creating a cartoon feature film, to developing a new type of family park, to rethinking the design of towns to address human needs – the challenge is clearly defined: a vision is created as a means to communicate the benefits; leadership is exhibited to create excitement, commitment, and buy-in; and a process is put in place to develop and deliver value to customers and investors. For Walt Disney, each new dream is always bigger and more complex





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than the last one, building on the knowledge and lessons learned from previous endeavors.

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Walt didn't leave any documents behind expounding his approach to business and providing advice to others about how to do business the Walt Disney way. What he left behind instead are the artifacts in which his approach is embedded. Based on my limited research into Walt Disney (the man, not the company) and the way he approached and tackled his business problems throughout his life (from 1923 to 1965), I have identified some general business principles that he ascribed to and held consistently over his career. It is my hope that the identification of these principles of one of the 20<sup>th</sup> Century's leading business innovators will provide a source of contemplation for today's leaders to think about their own business values and practices that may lead them to discover improved ways to create value the Walt Disney way.

Here are the nine principles I have identified:

1. Know what you value and why
2. Demonstrate the courage of leadership
3. Strive for perfection and don't compromise quality
4. Money is a means, not an end
5. Exceed customer expectations
6. Create valued experiences through business design
7. Minds create value, so treat them with respect
8. Let creativity work for you
9. Think deeply and from all directions.

## 1. Know What You Value and Why

Walt guided his life and his business with a clear purpose and vision. "My business," he once said, "is making people, especially children, happy."

Walt's life was devoted to the passionate pursuit of values for himself and others. He operated with a clear set of values that he set out to achieve and bring to others in the form of his commercial offerings. His foundational values were what he called traditional American values, and included "liberty and justice for the individual" and other ideals and values "our forefathers...shed their blood for..." His more tangible operating values included honesty, truth, respect for people, and fellowship. Walt's primary orientation was to face each day with an unbreachable optimism and a belief in the heroic capabilities of mankind. "Faith I have, in myself, in humanity, in the worthwhileness of the pursuits in entertainment for the masses. But wide awake, not blind faith, moves me. My operations are based on experience, thoughtful observations and warm fellowship with my neighbors at home and around the world" (*WDFQ*, P. 57).

For Walt, values weren't just vague abstract notions. With his active imagination, he was able visualize the end results he desired and the actions required to achieve them. He also had an intuitive sense of the moral values required to lead a purposeful, happy and successful life. Walt pursued his values in a manner that attracted the best and brightest in the business to want to work for him, learn from him, and contribute under his leadership to the creation of those values.

Walt and Roy took values seriously as necessary guiding principles for the successful achievement of goals. They weren't business pragmatists. They started in business with a



core set of conservative middle-American moral values and principles and continually integrated their business experiences into this framework to guide their decisions. Those values became reflected in the operating culture of the company, and were eventually codified informally and became known as ‘The Disney Way.’

It was Walt’s perspective from the beginning that a compromise in core business values to increase profits was illusionary. Roy was in agreement, although they often disagreed about the definition of ‘core business value.’ For both, profit was also a core business value, and how to best achieve profit was often at the core of their disagreements. Because Walt didn’t feel the daily pressures of managing the financial aspects of the company, he often had a longer-term perspective on investing for profitability.

Walt’s drive to create new value made him less adverse to risk than Roy, who often served as a counter-force protecting the more immediate interests and concerns of shareholders. It appears the Walt’s more integrated approach to measuring the profitability of value creation over the longer-term provided him with a less constrained perspective of what it was possible to achieve in business and in life, versus those that limit their options by insisting of measuring investment returns within arbitrarily short time periods.

One practical consequence of Walt’s deferral of short-term ROI gratification is the longer-

term perspective it provided him regarding the relationship between quality and economic value. Walt valued uncompromised quality in all of his business endeavours because he believed that people valued quality, could recognize it, and would reward businesses that were able to produce to higher standards over those who worked to lower standards. Walt explicitly understood the notion of consumer sovereignty and practiced a basic marketing idea that would later become known as ‘the marketing concept’ and made famous by management theorists Peter Drucker and Theodore Levitt.

In its simplest formulation, the marketing concept holds as an axiomatic premise that business success is achieved by profitably delivering value to customers. Within this context, the customer is king. Walt knew it colloquially as the expression ‘give the customer what he wants.’ He lived by this premise everyday, and took its application very seriously as a form of business guidance. The customers’ values are part of the business reality, and Walt was always sure to figure it heavily into his decision-making equation. He relied to a considerable degree on product testing and research (both formal and informal by observing audience and guest reactions) to help create value for himself and others.

The following anecdote about the building of Disneyland speaks volumes to Walt’s passion for the pursuit of values and respect for his

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own vision and the experience of his customers, to a degree probably unprecedented and likely still unsurpassed by any business leader. At the time, John Hench was Imagineering Senior Vice President. He was trying to talk Walt out of wanting to put so much detail on a stagecoach as a means to simplify the building process and likely to reduce costs, because of the already immense overruns in building Disneyland and pressure to complete everything on time for the grand opening. Walt, in his drive to make the Disneyland experience feel authentic, had asked that the cab be suspended by leather straps as the early stagecoaches had been. “‘Why don’t we just leave the leather straps off, Walt?’ John questioned. ‘The people are never going to appreciate all this close-up detail.’ Walt turned, firmly planted his finger on John’s chest, and replied, ‘You’re being a poor communicator. People are okay, don’t you ever forget that. They will respond to it. They will appreciate it.’ Walt had come to know his audience. ‘Walt genuinely liked people,’ added John. ‘There was nothing cynical about him. Perhaps that is why he wanted so badly to communicate his stories to them. He just wanted to make them happy. We put the best darned leather straps on that stagecoach you’ve ever seen.’” (*Walt Disney Imagineering*, Hyperion, New York, 1996, P. 158)

When Roy was Chairman of the Board following Walt’s death, he was asked to comment on the secret to the compa-

Roy was asked to comment on the secret of the company’s incredible success. “It’s no secret. We’ve always tried to manage by our values because when you know what your values are, decision-making is easier.”

When he didn’t like the rules other people played by, he walked away and created new rules that conformed to his values and suited his needs.

ny’s incredible success. Roy answered: “It’s no secret. We’ve always tried to manage by our values because when you know what your values are, decision-making is easier. We believe that top-line thinking is the cause which produces good bottom-line results, or the effect. You’ve got to have your values in synch with your goals; then people are self-motivated. They don’t require a shot in the arm or motivational hype, although it doesn’t hurt to perk things up once in a while. Most people have ability. You’ve got to encourage them by setting lofty standards and then help them master their skills. This is why we put so much emphasis on training and education.” (Vance & Deacon, *Think Out Of The Box*, Career Press, 1995, P. 180).

Roy was also asked to comment on how he made difficult decisions. His reply: “When your values are clear to you, making decisions become easier. It is never really easy, but I think when your values are in order, the process is easier. Management consists of making decision after decision, all day long, and if your values are destructive, I found that ultimately, your decisions tend to be bad, fuzzy. But on the other hand, if your values are constructive, I find that your decisions tend to be good. Management is all a matter of values in the final analysis” (Quoted in Mike Vance, “Management By Values,” *Intellectual Equities*, Inc., Cleveland, OH., 1985; Tape 1, Side A).



I'm sure Walt would have agreed wholeheartedly. Management by values was, in the end, the secret ingredient of 'the Disney Way.'

## 2. Demonstrate the Courage of Leadership

From very early on in life, Walt demonstrated his leadership. He held very definite ideas and values and pursued them vigorously. He applied his own thinking and followed his own conclusions. He was able to communicate his vision and inspire others to follow him in pursuit of his dreams and their own ambitions.

It appears that Walt operated on the premise of exchanging value for value by appealing to the rational self-interest of all parties. When he didn't like the rules other people played by, he walked away and created new rules that conformed to his values and suited his needs. He co-operated with others who felt they could benefit equally by cooperating with him.

Striving to live his life by a set of moral values consistent with the pursuit of his own rational self-interest provided two key benefits to Walt. First, it allowed him to make decisions that he believed in and could defend, and therefore to act with the confidence and assurance that his actions were appropriate and consistent with the requirements of the existing situation and long-term success (and therefore, that he didn't act in self-destructive ways that undermined his own self-esteem and the esteem

As a by-product of his conscious efforts to create alignment between his values and his actions, Walt was perceived by others as a man of high personal integrity, a necessary component of leadership.



of others). Second, as a by-product of his conscious efforts to create alignment between his values and his actions, he was perceived by others as a man of high personal integrity, a necessary component of leadership.

In the early years of his career, Walt's vision, integrity, intellectual acumen, and genuine good nature, natural optimism, curiosity, and respect for people, must have made him a very attractive leader to others who shared Walt's values but perhaps were of lesser ambition, vision, drive, resourcefulness, and had a lower entrepreneurial tolerance for risk. Animation historian David Johnson writes: "Walt was not only ambitious. He was likable and must have been an extremely hard sell. After moving to larger quarters (he had been working in a small garage), he began recruiting anyone he could find and with typical enthusiasm and optimism, persuaded his young flock to work for nothing (like himself), in return for a chance to learn a new profession in a newly-formed company. Within a short time, Walt somehow managed to find not only a New York distributor but backing for his new studio at the not inconsiderable sum of \$15,000, quite a feat for a man only just past twenty. Called 'Laugh-O-Gram Corporation' (after his earlier efforts made for the local Newman Theaters), Walt and crew produced updated versions of popular fairy tales like Puss-In-Boots and Grimm's





Four Musicians of Bremen. For a time, a success of sorts seemed to be materializing as Walt's crew began to savor their first pay checks and Walt himself his new position of President of Laugh-O-Gram Corporation." (David Johnson, "The Image – Part Two 'The Man,'" at <http://www.animationartist.com/InsideAnimation/DavidJohnson/ImagePart2.html>).

Walt moved to California when he was 21, and by the time he was 30, notes art historian Christopher Finch, Walt Disney had become a very public figure. "What distinguished him from the rest," notes Finch, "and made his face memorable, was a sense of determination and purpose which was apparent even in his most relaxed poses.... In later years he entered our living rooms and addressed us from the television screen. By that time his face and frame had broadened.... The mustache and the smile remained, however, as did the evident purpose and determination" (Christopher Finch, *The Art of Walt Disney: From Mickey Mouse to The Magic Kingdom*, Abrams, 1975, p. 11). Walt Disney was a natural leader because people felt they understood and could trust him, and were inspired to believe that he had something to offer them that they wanted and from which they could benefit.

Here are some things that Walt had to say about leadership. "Leadership implies a strong belief in something. It may be a cause, an institution, a political or business operation in which a man takes active direction by vir-

tue of his faith and self-assurance. And, of course, leadership means a group, large or small, which is willing to entrust such authority to a man – or a woman – in judgment, wisdom, personal appeal and proven competence" (*WDFQ*, P. 66).

**"Of all the things I've done, the most vital is coordinating those who work with me and aiming their efforts at a certain goal."**

He also spoke to the requirement of courage as an integral component of leadership: "Courage is the main quality of leadership, in my opinion,

no matter where exercised. Usually it implies some risk – especially in new undertakings. Courage to initiate something and to keep it going – pioneering and adventurous spirit to blaze new ways, often, in our land of opportunity" (*WDFQ*, P. 66).

The observation by Walt that leadership involves initiating something and keeping it going is very astute. He also said: "Of all the things I've done, the most vital is coordinating those who work with me and aiming their efforts at a certain goal" (*WDFQ*, P. 80). In a 1962 *Newsweek* article he is quoted: "I saw very early in this business one thing – that organization was where you had to put the emphasis. You have to break things down, specialize" (quoted in Wade Sampson, "In Walt's Words," *Mouse Planet*, Sept. 27, 2006, at

**Walt set the standard for quality high because he knew that high standards are achievable. He took into account both the cost of achieving those high standards and the cost of failing to achieve them.**

<http://www.mouseplanet.com/articles.php?art=ww060927ws>).

In speaking about the important role leadership must play in organizing people and coordinating work and resources, Walt is talking about what management theorists Elliott Jaques and Stephen Clement referred to as 'managerial leadership' in their ground-



breaking book *Executive Leadership* (Blackwell Publishers, 1994). Managerial leadership entails assuming accountability for the vision, alignment, and organization of resources to achieve desired results and competitive advantage. It's about building a system to achieve results with the cooperation and full engagement of employees. This was a component of leadership Walt appears to have taken very seriously, and to which he and his workforce excelled.

### 3. Strive For Perfection and Don't Compromise Quality

Walt Disney was a perfectionist in the best sense of the word. He set the standard for quality high because he knew that high standards are achievable and are a demonstration of moral virtue. But he didn't just leave matters to chance or the whims of others. He defined the attributes of the standards he demanded, and he took into account both the cost of achieving those high standards and the cost of failing to achieve them.

Walt's devotion to quality and value creation was applied to everything he did. Consider his perspective on park maintenance at Disneyland.

"Disneyland is a work of love. We didn't go into Disneyland with the idea of making money...even trying to keep that Park clean is a tremendous expense. And those sharp pencil guys tell you, 'Walt, if we cut down on maintenance, we'd save a lot of money.' But I don't believe in that – it's like any other show on the road. It must be kept fresh and clean" (quoted in Nate Naversen, "Contagious Busi-

ness Philosophy the 'Disney' Way!" [http://www.themedattraction.com/disney\\_way.htm](http://www.themedattraction.com/disney_way.htm)). Nate Naversen writes: "When Disneyland closes, the maintenance starts. At the beginning of every day the park is to look like it looked on opening day July 17<sup>th</sup>, 1955. Not only does this make the guest experience better, but it also creates a better atmosphere for the cast members. At night, everything is repaired to look like new. Instead of having one or two people maintaining the park, Disney hires hundreds. Do those workers pay for themselves? I guarantee they do."

Walt believed that operating to the highest quality standards was good business because it promoted the creation of long-term value, and yet it was a standard that very few others in his business accepted as valuable and dared to achieve.

The notion of striving for perfection implies a belief that high standards can be objectively defined and achieved. It requires a "can-do" mindset and an inherent ambition to succeed through productive thinking and action. It implies a particular worldview that as humans we can apply ourselves to overcome the barriers to success we find before us and achieve the desired

results. The ability to achieve the results we seek gives meaning to the work we do, and provides an earned sense of self-esteem and pride.

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As one further example of Walt's unending pursuit of excellence to drive customer value, consider the following. After parts of *Snow White* had been animated, one of the animators created a special Dopey walk that exuded



happiness and was always off a step from the other dwarfs. “After realizing that this is exactly how Dopey should be animated,” writes one commentator, “Disney required each scene with Dopey to be re-animated using this walk even though the picture was already running far over its projected budget” (Jim Miles, “Lessons of Walt Disney,” Jan. 8, 2004, <http://www.laughingplace.com/news-ID180410.asp>).

It was this kind of dedication to detail and Walt’s belief that people feel good about perfection and appreciate it because they understand that it is done for them, that helped a cartoon that everyone thought would fail miserably to become the top grossing picture of all time, and helped Walt promote the discipline of building a high performance business culture that would contribute to his future success.

Throughout his career, Walt had to fight against his accountants, bankers, co-workers, family and friends to maintain the integrity of his high standards. Quality and integrity to his own values and those of his customers – i.e., “the public” – served as his guiding compass throughout his career. Walt and Roy knew it would cost more to make their company magical, but they also knew that any less – any conscious decision to produce less than what was possible in favour of reducing costs for short-term gain – would be more risky in the long run than striving for, and investing in, excellence. The passion of the business vision was Walt Disney’s personal vision, and his

In the end, Walt believed that he had proved that his devotion to uncompromised standards of excellence was a viable, value-enhancing business operating strategy.

Walt was very philosophical and business-minded about money. First and foremost, money was a means to achieving bigger and more meaningful ends.

infectious passion for excellence made it possible for him to transform it from an idea in his head to a real, tangible creation. That level of passion and commitment is one of the keys to what raises Walt Disney to heroic stature in the annals of 20<sup>th</sup> Century business history.

In the end, Walt believed that he had proved that his devotion to uncompromised standards of excellence was a viable, value-enhancing business operating strategy. He felt that he had succeeded in creating a culture that proudly shared his values of excellence, although this commitment to ‘management by values’ was always an ongoing struggle. “I’m not the perfectionist anymore,” Walt noted later in his career.

“It’s my staff. They’re the ones always insisting on doing something better and better. I’m the fellow trying to hurry them to finish before they spoil the job. You can over-work drawing or writing and lose the spontaneity” (*WDFQ*, P. 80).

#### **4. Money Is A Means, Not An End**

Money is many things: a store of wealth, a gauge of success, a means to attaining power, and a tool to exert influence over those drawn to its seemingly mystical qualities. When it came to money, Walt needed lots of it to finance his ventures, but he appeared not to be seduced by its mesmerizing mystique. He was very philosophical and business-minded about it. First and foremost, for Walt, money was a means to achieving bigger and more meaningful ends.



Later in his career, Walt said he thinks about money “only when I don’t have enough to finance my current enthusiasm, whatever it may be. All I know about money is that I have to have it to do things. I don’t want to bank my dividends, I’d rather keep my money working. I regard it as a moral obligation to pay back borrowed money. When I make a profit, I don’t squander it or hide it away; I immediately plow it back into a fresh project. I have little respect for money as such; I regard it merely as a medium for financing new ideas. I neither wish nor intend to amass a personal fortune. Money – or, rather the lack of it to carry out my ideas – may worry me, but it does not excite me. Ideas excite me” (*WDFQ*, P. 70).

For Walt Disney, ideas and money went hand-in-hand. It took \$17 million to open Disneyland, far in excess of the original estimate of \$1.7 million, and year after year they continued to pour the profits back in. They saw it as a good investment, and understood that as long as there is opportunity, this year’s business profits are next year’s business expenses, reinvested to create greater value and achieve additional profit. Walt put it this way in an interview on NBC in 1966: “[L]ike the old farmer, you have to pour it back into the ground if you want it to grow. That’s my brother’s philosophy and mine, too” (*WDFQ*, P. 71). By the time Walt Disney died, the Disneyland theme park represented a total investment of over \$126 million (J.A. Aberdeen, “Walt Disney:

“If you want to know the real secret of Walt’s success, it’s that he never tried to make money. He was always trying to make something that he could have fun with or be proud of.”

“We’re interested in doing things that are fun – in bringing pleasure and especially laughter to people...it’s proven it’s a good business policy. Give the public everything you can give them....”

The SIMPP Years”, at [http://www.cobbles.com/simpp\\_archive/walt-disney\\_post-simpp.htm](http://www.cobbles.com/simpp_archive/walt-disney_post-simpp.htm)).

In discussing the attributes that made Walt successful in business, Ward Kimball, one of Walt’s business colleagues, observed: “If you want to know the real secret of Walt’s success, it’s that he never tried to make money. He was always trying to make something that he could have fun with or be proud of. He told me once, ‘I plow back everything I make into the company. I look at it this way: If I can’t use the money now, if I can’t have fun with it, I’m not going to be able to take it with me.’” That’s the way he talked. That’s the way he felt. Walt was really more concerned with the end result than the money. If it made money, fine. He felt that if you put your heart into a project and if you were a perfectionist, people would automatically like it” (quoted in Merlin Jones, “The Spirit of Youth.” <http://www.songofthesouth.net/news/archives/savedisney-spiritofyouth.html>).

Walt made money by being a perfectionist at delivering what he thought consumers wanted. “We’re not out to make a fast dollar with gimmicks,” he said. “We’re interested in doing things that are fun – in bringing pleasure and especially laughter to people...it’s proven it’s a good business policy. Give the public everything you can give them...” (quoted in “Foundations for the Disney Business,” formerly at [www.savedisney.com](http://www.savedisney.com)).





Marc Davis, one of Disney's key animators of feature films, recalled: "I was in Walt's office around the time he was starting Disneyland, and he was a little embarrassed, because he'd borrowed on his life. He looked out the window, turned to me and said, 'I'd like to sell the property underneath the studio: We own all the improvements on it – we could lease them back. Do you realize the wonderful things we could do with all that money?' 'What we could do with all that money,' not 'I would be rich.' I don't think Walt ever cared about that; he was interested in what you could do" (in Charles Solomon, "The Man Who Was Never A Mouse," formally at [www.savedisney.com](http://www.savedisney.com)).

While Walt was the creative visionary and dreamer, he also understood the financial aspects of the business, but left the operational matters to Roy. Walt once said of Roy, "We started the business here in 1923, and if it hadn't been for my big brother, I swear I'd have been in jail several times for check bouncing. I never knew what was in the bank. He kept me on the straight and narrow." The role Roy played in Walt's success and achievements is summarized nicely, if somewhat understated, by Merlin Jones: "Roy's wisdom was to create a well-protected playpen for his younger brother – and then to stand back and watch him create" (Jones, "The Spirit of Youth").

But Walt was not ignorant of the need for business discipline. One of the heads of Stanford Research Institute, Harrison "Buzz"

Walt took a much longer view of business than most, which provided him with a less constrained perspective of what it was possible to achieve in business and in life versus those that limit their options by insisting on measuring investment returns within arbitrarily short time periods.

Price, who worked for the Disney brothers starting in 1953, recalled: "It is a fiction that Roy was only the numbers man and Walt was the artist. They were both bird dogs analytically. 'Why?' 'Why?' 'What?' 'How much?' Walt was just tenaciously interested in that stuff, along with Roy. Both of them were smart as hell" (in Thomas, *Building A Company*, P. 186).

Walt clearly understood and appreciated the role of money and the profound discipline and responsibility required over time periods spanning decades to create value for others in order to create profoundly personal value for himself.

## 5. Exceed Customer Expectations

When Walt was running the company, he spared no expense to make everything he did the absolute best that could be done to achieve the results he envisioned. If synchronized sound was a possibility, silent movies weren't good enough. If colour in movies was possible, then black and white was below standard. Walt despised standing still, and was forever looking for opportunities to innovate, to be on the leading-edge, to ride the wave, to be a first-mover, to create and exploit a blue ocean opportunity, and to dazzle audiences.

Walt was driven to innovation in part by his boredom of repetition, and in part by his curiosity about new technology. Mostly, he was driven by his romantic belief that the application of technology could be used to better mankind, and that the only real constraints we face are the laws

Walt saw it as his role to push the boundaries of human happiness and family entertainment.



of nature and the limits of our imaginations. Walt saw it as his role to push the boundaries of human happiness and family entertainment. He believed that these values were deeply embedded in all mankind. For children, the value of maximizing life's enjoyment was bubbling at the surface. Adults, unfortunately, were prone to repressing their natural enthusiasm. Walt consciously wrote his stories and created his movies and theme parks to appeal to both constituencies. Fun could be delivered through humour and entertainment, but the spark required to rekindle the flame of childhood-wonder in adults was: magic.

The responsibilities of living and providing for oneself and one's family weigh heavily on most people, and occupy most of their time. The 'Disney Touch' was the ability to create, through cartoons and storytelling, and later through the direct interactive experience of Disneyland, a gateway into a magic portal that was able to rekindle a sense of wonder, even if only for a brief moment, in the most jaded of souls. This is so much more than most people expect that when they experience that moment of magic they don't soon forget it.

But the magic can only be achieved in a predictable fashion if it is presented, in all its complex dimensions, in a highly controlled environment. Humans are drawn to perfection when their common experience is overly mundane. They will reward with loyalty those that can create experiences that exceed their expecta-

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tions. They will happily share their wealth with those who can do it consistently.

The unfortunate truth is that it's very difficult to satisfy customers. To do so is an immense achievement of the organization of people and processes. To have our desires satisfied – to experience perfection – is something each of us desires and pines for. The amount of complaining we do is evidence of this. The appeal

of perfection can be observed most directly in our culture through such things as the romanticization of Christmas morning and the popularity of prayer for magical improvement in our lives. While the desire to experience perfection may have a certain spiritual dimension, those rare occasions when we do experience it directly can be attributed to the real heroic efforts of individuals, working together, with a common personal commitment to achieve a common result that we value highly.

When it came to the building of Disneyland, Walt was extremely customer-driven. "Everything I do I keep a practical eye toward its appeal to the public," he once said (*WDFQ*, P. 29). To be customer-driven, Walt required his artists and designers to interact with guests and observe carefully to seek out improvement opportunities. Disney designer and author John Hench wrote:

"To design most effectively for our guests, we learned that we had to observe them up close, waiting in lines with them, going on rides with them, eating with them. Walt insisted on this... This was new to us; as filmmakers, we



were used to sitting in our sweatboxes at the studio, passing judgment on our work without knowing how the public might actually respond to it. Going out into the park taught us how guests were being treated and how they responded to patterns of movement and the ways in which they expressed their emotions. We got an idea of what was going on in their minds” (quoted from John Hench, *Designing Disney: Imagineering and the Art of the Show*, in Michael Barrier, “But What Is Disneyland For?” at <http://www.michaelbarrier.com/commentary/hench/hench.htm>).

For most people, not achieving perfection is good enough, so they never strive for it, either in their personal or professional lives. Too many people appear to subscribe to Woody Allen’s humorous dictum that 80% of life is ‘just showing up.’ Consistent with this general cultural malaise to the issue of quality, as consumers, we seem to have been conditioned to accept ‘minimal acceptable effort’ as the expected standard. For the most part we have resigned ourselves to social and cultural mediocrity, and as a result, we are disappointingly accepting when that is all we get.

Why do we accept such low standards? Primarily because as consumers we have been led to believe that it costs more to deliver a better result, and in many cases businesses executives conclude – sometimes correctly – that consumers don’t want to pay more for that additional value. As a result, business owners and managers often follow a

**Business owners and managers often believe that it is sound business wisdom to increase profits by foregoing quality. Walt Disney didn’t believe this.**

false logic that leads them to believe that it is sound business wisdom to increase profits by foregoing quality.

Walt Disney repudiated this business practice as economically unsound and a prescription for mediocrity. He held himself to very high personal standards from the start, and later recognized that the public expected high standards from the Disney brand, and that he had a personal obligation

to the people who made him successful to meet those standards. He said: “When they come here they’re coming because of an integrity that we’ve established over the years. And they drive hundreds of miles. I feel a responsibility to the public” (*WDFQ*, P. 65). Walt Disney proved to anybody in the business world that was paying attention that the cost/benefit equation pointing to the sacrifice of values is false. It is wrong on all accounts: moral, economic, and spiritual. As human beings, we pay an inordinately high price for abrogating our responsibility as consumers to set our standards high and reward those entrepreneurs that can best fulfill our pursuit of our own life-affirming values.

**Walt Disney proved to anybody in the business world that was paying attention that the cost/benefit equation pointing to the sacrifice of values is false. It is wrong on all accounts: moral, economic, and spiritual.**

Like other giant minds of business, Walt Disney understood that you become successful in business by thinking of great ideas and implementing them to create more value for consumers than they can easily obtain elsewhere. People will exchange money for perceived benefits at a level they judge to be com-

mensurate. Business, at its base, is the science of organizing the means of production around



an idea or solution, and trading value for value. People are also excellent judges of value, and are quick learners. Market prices reflect these values. The continued success of Walt Disney's many creations from cartoon characters, to movies, to theme park attractions, all reflect the immense value that consumers place on these creations.

Walt was not an exceptionally talented cartoonist. But when it came to marketing in the widest meaning of the term, he was an intuitive genius.

Walt Disney worked hard to surpass consumer expectations, to a large degree because he set his own expectations exceedingly high. As a result, he invested more money in his business and his products than did his competitors, and, as Nate Naversen puts it, "much more than normal on items that financial minded people find frivolous" (Naversen, "Contagious Business Philosophy the 'Disney' Way!"). That's why business success is, in its most fundamental aspects, a marketing endeavour, and not a financial endeavour. The value of the Walt Disney Company was derived from the ideas created in the mind of Walt Disney and his associates. Without Walt's almost intuitive sense of the role marketing must play as the leading force in any business, all of Roy's financial skill could never have built the company. Walt was not an exceptionally talented cartoonist, even if he started out as one. He was an intuitive genius, however, when it came to marketing in the widest meaning of the term.

## 6. Create Valued Experiences Through Business Design

Walt Disney took great pride in thinking carefully about the best way to achieve the results

he desired. As we have seen, he wasn't a follower or second-hander when it came to ideas. He was open to considering the best ideas as determined by the problem that needed to be solved.

The success of Disneyland began with consideration of the latest urban planning techniques and effect of human interaction with the surrounding environment. Recall

how Walt took pains to design an environment that was both relaxing and refreshing to keep guests engaged in new and sensuously pleasant experiences.

Design aspects also pertained to creating a more efficient and effective working environment to achieve his guest objectives. For example, in his attempt to create an amusement park that was a total guest experience, Walt gave careful and deliberate consideration to removing as many of the backroom business necessities from the sight and hearing of guests. To do this, he had to design a park where the maximum number of aspects of the business and the guest experience could be controlled.

Walt took great pride in thinking carefully about the best way to achieve the results he desired. He wasn't a follower or second-hander when it came to ideas.

One of his ingenious, paradigm-shifting solutions was to build the park on the second floor of a two-story structure, thereby using design innovation as solid bedrock for achieving a unique and fully immersed guest experience. By building the

park this way, writes Nate Naversen, "Disney can quickly whisk supplies in and out of the park from below without having to bring a truck through the front gates. In medical emergencies, heart attack victims may be





quickly taken off stage to a medical facility without disturbing most guests... Trash may be placed in an underground vacuum network at dozens of locations around the park, where it may be quickly vacuumed to a central receiving area, saving time and energy for custodial people. Lastly, cast members in costume can walk straight into their themed land without having to walk through another land. How out of place would it be to have a Tomorrowland costumed cast member walking through Frontierland?" The plan is counter-intuitive, writes Naversen, "yet it works!" (Naversen, "Contagious Business Philosophy the 'Disney' Way!", [http://www.themedattraction.com/disney\\_way.htm](http://www.themedattraction.com/disney_way.htm)).

Not only were landscapes and attractions designed carefully to reflect their function, so were business policies and processes. Very deliberate efforts and behaviours are required to produce deliberate results. This pertains just as much to the creation of service quality as it does to the creation of product quality.

Dedicating a company to the creation of customer happiness and maintaining the high standards that customers have come to expect carries with it an immense responsibility, the achievement of which was no easy task. For Walt, every interaction between 'cast-members' and guests – every moment of truth – mattered, and therefore each had to be carefully thought out, planned for, and trained for. The results had to be carefully observed to ensure the desired result was achieved. If

Not only were landscapes and attractions designed carefully to reflect their functions, so were business policies and processes.

The best processes are those that customers experience as right and reasonable. But they also have to make sense from the perspective of the employees who have to carry them out and behave in certain ways.

not, then some specific aspect of the park design, business processes, or staff training was inadequate and had to be refined.

Walt Disney knew that to create the experience he wanted customers to feel, nothing about the work that needed to be done could be left to chance. In fact, chance (random variation) is the last thing that you want to have intervene if you are striving for a specific result. So, for example, to help create a positive guest experience, it was Disneyland policy that staff were prohibited from doing specific things while "on stage." Cast members are never to be seen by guests doing the following: Eating, drinking, smoking, sleeping, sitting down, chewing gum, leaning against a wall or railing, or folding his or her arms.

"Does this seem extreme?," writes Naversen. "Of course it does. But when it comes to customer service, it makes perfect sense. Imagine how a potential guest would feel when walking up to a cast member doing one of the above no-nos. Making sure the cast-

member is courteous and efficient is key while 'onstage' at a Disney theme park. It help's create a positive guest experience whenever a guest interacts with an employee" (in "Contagious Business Philosophy the 'Disney' Way!").

As with his movies, everything on Disney property was subject to this 'customer delight' philosophy because it was all part of the total Disney experience, even the process of parking cars. Here's Walt: "The first year (of Disneyland) I leased out the parking conces-



sion, brought in the usual security guards – things like that – but soon realized my mistake. I couldn't have outside help and still get over my idea of hospitality. So now we recruit and train every one of our employees. I tell the security police, for instance, that they are never to consider themselves cops. They are there to help people. The visitors are our guests. It's like running a fine restaurant. Once you get the policy going, it grows" (in Naversen, "Contagious Business Philosophy the 'Disney' Way!").

The best processes are those that customers experience as right and reasonable. But they also have to make sense from the perspective of the employees who have to carry them out and behave in certain ways. Well-designed business policies create boundaries of accountability for employees and make their work personally meaningful. They provide guidance, a sense of purpose, and a standard by which to measure achievement and earn a sense of pride. I recall reading somewhere that every attraction at a Disney theme park has a multi-page description and explanation of the philosophy of the attraction so that cast members understand the context of their 'performance'. At Disneyland, employees, were not hired to just show up and hustle people onto and off of attractions like carnival midway ride-jockeys. They were hired to perform a specific role in relation to achieving a defined, measurable end-result, which includes making a positive contribution to the total guest experience and maintaining the magic.

In order to keep the park clean, all staff are required to pick up trash that they see. But

street cleaners and custodial staff are hired to do this on a full-time basis. Given that these folks are the most visible and accessible to guests, they receive the greatest number of questions about the park and directions. As a result, they receive extra interpersonal skills training, and their primary job is to provide friendly service to guests. While they may appear to have low-job on the totem pole, they nonetheless play a critical role in the overall guest experience, therefore extra effort is made to prevent park guests from experiencing a "don't-ask-me-it's-not-my-job" attitude. Their secondary job is to clean up the trash.

Walt very quickly recognized his shortcomings as an animator, and openly understood that he needed the ideas and cooperation of his staff to achieve his goals. He saw himself as the visionary leader and coach – the orchestra conductor.

Walt knew the importance of designing the guest experience into the product or service to create maximum value. He did it in his films, and he did it in his parks.

## **7. Minds Create Value, So Treat Them With Respect**

From the time Walt started his first business he set out to create a family atmosphere for those who worked for him.

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Walt operated his film studio on a first-name basis, with an open-door policy and informal code of behaviour for his employees. This atmosphere helped create a workplace that was fun and filled with good humour and internal friendliness. This culture of respect for people and the attributes and values that promote benevolent creativity was a key un-



articulated aspect of what we would today refer to as the Disney brand. Whether by serendipity or design, the playful work environment nurtured by Disney was necessary to create a strong external friendliness that universally appealed to audiences. As one writer commented, “No one can create the kind of friendly entertainment product we demand in a formal, unfriendly atmosphere.”

To help his animators achieve the results he wanted, beyond the rudimentary animation techniques being used by other studios, Walt encouraged his artists to improve and develop their skill. Starting in 1931, he paid for some of his animators to attend evening art classes in life drawing and action analysis. In 1932, he began to hold the classes at his studio with 25 artists attending.

He also established the Disney University after opening Disneyland, in order to provide a structured learning environment to teach the unique skills required to be a cast-member. Employees learn that it is their responsibility to help keep the parks clean, friendly and fun. At Walt Disney World, that amounts to 27,400 acres of territory, or 43 square miles, which is twice the size of Manhattan island.

Walt cared about his staff and did his best to take care of them and their families. His brother Roy had this to say: “Walt demanded a lot of people, but he gave a lot, too. When the depression hit, and it looked as though we might have to close the studio, Walt gave everyone a raise. Some thought him crazy, but it gave morale a big boost. He hated to fire anyone, and if someone didn’t work out in one job Walt would try to find a niche where he was better suited” (Roy O Disney, “Unfor-

gettable Walt Disney,” no longer online at [www.savedisney.com](http://www.savedisney.com)).

In his “Speech Accepting the Showman of the World Award” in 1966, Walt paid tribute to his 3,000 employees, many of which had been with the company for over 30 years. “They take pride in the organization which they helped to build. Only through the talent, the labor and the dedication of this staff could any Disney project get off the ground.”

Walt said: “You can dream, create, design and build the most wonderful place in the world, but it requires people to make the dream a reality” (Scott Madison Paton, “Service Quality, Disney Style,” *Quality Digest*, at <http://www.qualitydigest.com/jan97/disney.html>).

Walt understood that creativity requires discipline, which is why he was not only a dreamer, but also a planner.

Walt also often said that “there is no corner on brains,” meaning that everyone has the potential for creative thinking and the development of breakthrough ideas. Walt was known to solicit ideas from

everybody, including bankers and restaurant waiting staff.

## 8. Let Creativity Work For You (Have You Checked Your Dreams Lately?)

There is no denying that Walt Disney was extremely creative in ways that most business practitioners, including his brother Roy, are not. But Walt understood that freewheeling creativity without imposed structure had little value. He developed very specific processes to capture creative ideas and transform them into real things of value. “There was much more to his success than a blind faith in intuition,” writes author and art curator Christopher Finch about Walt. “He knew that for intuition to mean anything it had to be implemented, and that this demanded a combina-



tion of stringent analysis and sheer hard work, backed up by the practical talents of the artists with whom he surrounded himself” (*The Art of Walt Disney*, P. 12).

The creative development processes developed by Walt Disney and his team were one of his secrets to creating wealth, and to this day remain a core competency of the company. Walt understood that creativity also requires discipline, which is why he was not only a dreamer, but also a planner. “In fact,” writes Bob Thomas, “Walt never entered any project without meticulous planning.” All of his Disneyland-related projects started with economic research. If the findings were favourable, “Walt proceeded with planning, which could take months or years. Sketches and models were prepared and carefully analyzed. Everything was mapped out before Walt would signal the go-ahead” (*Building A Company*, P. 251).

One could say that Walt dreamed with both feet planted firmly on the ground. On reflecting back upon Walt’s life, Roy said: “He was a practical guy. He would dream, dream, dream, but then he would come back to reality. The main thing was to get the job done. He would try for the utmost, and then he would retreat to a position he could handle” (in Bob Thomas, *Building A Company*, P. 302).

“[Walt] was a practical guy. He would dream, dream, dream, but then he would come back to reality. The main thing was to get the job done. He would try for the utmost, and then he would retreat to a position he could handle.”

Taking charge of one’s curiosity and managing it into a creativity process requires a specific methodology, and a commitment to make the time and incur the cost to engage the process.

Walt originally created WED Enterprises to explore the concept of Disneyland, starting with a sketch of the idea in order to create something objective from intangible thoughts and ideas. As the Disneyland concept progressed, WED was charged with all aspects of creating the final product, every square foot of which was engineered to appeal to the senses, from the colour and materials used to construct the attractions, to the textures of the pavement, to the sounds and smells one experiences throughout the park. Everything was the re-

sult of a human choice; nothing is there by mere chance. It was a foundational premise of Walt’s that every frame of a Disney movie or aspect of a Disney park make a contribution to the story. Walt strove for total integration of ideas and execution.

WED eventually transformed itself into “Imagineering,” a company dedicated to creating ideas, engineering solutions, and building attractions for Disney guests worldwide.

(To learn more about the processes Disney developed to transform creative ideas into reality, an excellent resource is the book *Walt Disney Imagineering: A Behind The Dream Look At Making The Magic Real*, 1996).

Taking charge of one’s curiosity and managing it into a creativity process requires a specific methodology, and a commitment to make the time and incur the cost to engage the process. Like the old adage that ‘to be a





writer, you have to write', to be creative, you have to create.

An anecdote told by former Dean of Disney University, Mike Vance, demonstrates how Walt had automatized the creative process and made the curiosity-creativity-objectivity (or dream-idea-innovate) progression work to the benefit of his business endeavours.

Vance recollects a gently rainy morning in the early fall of 1966 as he arrived at Disney Studios and ran into Walt as he too arrived. Walt seemed to be in a very good mood, and as they walked towards the entrance, Walt stopped in front of a blooming oleander bush and began to examine it:

*"Look at the tiny water bubble sitting on this leaf. I wonder how that bubble appears to the leaf? It probably looks like a giant dome. You know, we should have a bubble restaurant floating around on a huge leaf on Bay Lake in Florida. We could call it the floating Bubble Restaurant. Did you ever think about how many bubbles there are in an entire ocean? Think of the amount of life and creativity there is in an entire ocean."*

*They continued walking and Mike remarked, "People say that every snowflake has a different design. Think of how much creativity there is in a backyard full of snow." Walt interrupted, "Yes, creativity is everywhere. You can't get away from it. The important thing is to put your two cents' worth into something and make a difference."*

*Walt paused again in front of a window with wooden frames to observe the water trickling*

*down the glass to form a small pond on the ground below. He reflected again: "Do you remember when you were a little boy and it would be raining hard outside? Do you remember how good it felt to be warm and cozy inside your house with a warm fire burning in the fireplace? Do you remember how secure it made you feel? Do you remember the smell; These are exciting things to remember.*

*"Do you remember seeing youngsters outside your house scurrying along in the rain, splashing and jumping in the puddles and wondering what it must be like to be big? Did you ever dream about what you were going to*

*do when you got big? Did you ever get the urge to grow up and do everything fast? Like me, I'm impatient to get on with it."*

*By then they had reached the steps of the animation building.... "Do you want to know something more exciting than what we've been talking about?...It's to be an adult like we are now and look back through the window of memory, remembering the time when we were little children, but it's even more exciting to know that we became the kind*

*of people we dreamed about as children. Do you know what that's called?"*

*Mike shook his head to the rhetorical question.*

*"Fulfillment! This is called fulfillment. It's what every person hopes life will be like for them. I hope you have that kind of feeling in your life, Mike. I hope you become what you dreamed you could be when you were a little boy."*

**Walt: "Do you know something more exciting than what we've been talking about?... It's to be an adult like we are now and look back through the window of memory, remembering the time when we were little children, but it's even more exciting to know that we became the kind of people we dreamed about as children."**



*This was Walt at his purest and best. This was the Walt the world came to love and admire. He wasn't a false image. He was real. There was no enigma in that moment.* (Mike Vance & Diane Deacon, *Think Out Of The Box*; Career Press, 1995, P. 191-192).

This vignette from a chance encounter between Walt and one of his employees demonstrates a creative mind at work: jumping from one observation to the next; finding strong emotional associations to capture deep and personal feelings and images; using questions to draw others into the process and provoke their engagement in the creative process; invoking a long time frame (from childhood to adult) to integrate interconnectedness of thought and emotion; and finally, planting a seed for the future that can't be ignored.

And in the end, a Disney artist did draw a picture of a floating bubble restaurant that was used in an organizational development project.

Mike Vance summarized nine points from his notes and recollections to encapsulate Walt Disney's views and opinions about what produced original ideas (Vance & Deacon, *Break Out Of The Box*, P.p. 98-99):

1. *Avoid trite jargon and clichés.* Using jargon and bromides often becomes a substitute for really thinking a problem through.
2. *Don't copy, steal or plagiarize.* Respect the intellectual property rights of others and expect the same in return.
3. *Ask probing questions.* Get to the core of the problem through good research and development, and leave no stone unturned.

Walt would often reflect on and develop his ideas for years, building, refining, adapting, sharing them with others, incorporating input, feeding his mind, and eventually creating truly big, hairy, audacious goals.

4. *Use stories to communicate.* Stories draw people in, and require a beginning, middle and end.

5. *Remember that the best answers are often the simplest answers.* Original thinking is blocked by making a task too challenging or complex. Walt said, "Keep it so simple a child can understand it."

6. *Be a nonconformist.* Have respect of tradition, laws, manners and decency, but explore new approaches that might go against other people's cherished preconceptions.

7. *Avoid sequels.* Once you've created something once, it's time to move on by expanding the boundaries and pursuing something more challenging.

8. *Study creativity in nature.* Walt studied creativity in nature. He said: "I like to watch animals to find out how old Mother Nature handles a problem."

9. *Find connections between things.* Walt said: "One thing leads to another thing. It's important to find the connection

between the parts if we expect to come up with original solutions. Put the ideas up on a board to help you see the connections." He would often say: "Show it to me. Don't tell it to me."

## 9. Think Deeply and From All Directions

In interviews, Walt often talked about how much time he spent thinking about and developing his ideas. Often he would reflect on them for years, building, refining, adapting, sharing them with others, incorporating input, feeding his mind, and eventually creating truly big, hairy, audacious goals.



Executives today spend very little time doing any long-term creative thinking at all. I mean real, serious, deep thinking; the kind of thinking that requires writing down your ideas and figuring things out from top to bottom, searching for and eliminating contradictions, and integrating every element into a business model or an action plan that makes good business sense and conforms to one's total context of knowledge about reality.

The first reason for this is structural. Many organizations are not aligned properly to their strategies (which are too often not clearly defined). This also means that key functions are not properly identified and staffed, requiring executives to work at too low a level, often fighting daily fires instead of leading a corporation for the long-term benefit of customers, employees and shareholders.

The second reason is an extension of the first. Executives choose to narrow their vision to an artificially short time frame. While Warren Buffett may instruct his CEOs to run their business as if they owned 100% of it and can't sell it for at least a century, most professional executives run their companies with about a two year time horizon. Often the time horizon doesn't extend beyond the current budget year! Running a company this way is not a prescription for creating long-term shareholder value – it is a recipe for ignoring long-term shareholder value. Buffett's CEOs will be focused on creating an organization that is built to last, feeling the weight of responsibility of man-

aging millions or billions of dollars in market value. A CEO with a two-year time horizon is probably totally immersed in achieving this year's results, with little thought about what is required of the business to succeed in the future. For a large corporation, this level of thinking may be appropriate for a manager, but not a vice president or CEO.

Walt's time horizon, as he progressed through his career, kept getting longer, allowing him to plan larger, more complex projects. Apparently he also encouraged others to think long-

term, to "Think beyond your lifetime if you want to accomplish something truly worthwhile. Put together a 50-year master plan. Thinking 50 years ahead forces you to engage in a quality of thinking that will also improve your present thinking" (Walt Disney quoted in Mike Vance & Diane Deacon, *Break Out Of The Box*; Career Press, 1996, P. 13).

Walt dreamed about the future, and then thought deeply about how to connect his vision with the reality of the day in a very practical manner.

This skill is what made him a great business visionary. While he was involved in all aspects of the business, he never allowed himself to be immersed in day-to-day fire-fighting. Instead, he was leading and inspiring his artists, Imagineers and executives to create the future, while at the same time negotiating with business partners, industry leaders, and governments, to clear the path to achieving his goals.

While Walt was involved in all aspects of the business, he never allowed himself to be immersed in day-to-day fire-fighting. Instead, he was leading and inspiring his artists and Imagineers to create the future. At the same time he was negotiating with business partners, industry leaders, and governments, to clear the path to achieving his goals.



To do this effectively, Walt had to consider the impact of his work from many perspectives. Robert Dilts, a pioneer in the field of neuro-linguistic programming, studied Walt's creative thinking process, and identified three primary components, which he called *dreamer*, *realist*, and *critic*. In the first phase – that of 'dreamer' – the thinker fantasizes creatively and abstractly without boundaries from one's own personal perspective. In the second 'realist' phase, the thinker assesses the situation from someone else's personal perspective, be it customers, employees, or other stakeholders. In the third phase – as 'critic' – the thinker reflects critically on the situation from a more removed objective perspective. The 'critic' phase serves a different purpose than the first two phases. The 'dreamer' and 'realist' positions are experiential assessment from the inside. The 'critic' is external to the process, and represents an evaluation based on a defined set of criteria, in this case, business criteria. If phases one and two represent what the experience of the dream or vision might look and feel like, the third phase is about assessing how – and whether - the outcome can be achieved given the existing constraints (see Dilts, "Walt Disney: Strategies of Genius," at [http://nlpu.com/articles/article7 .htm](http://nlpu.com/articles/article7.htm)).

Long-term success in business requires the ability to think deeply about problems and issues and understand the value drivers of multiple constituent groups from multiple points of view. Walt used a number of concrete methodologies, including sketches, 'storyboards' and the creation of three-dimensional mock-ups, to develop a critical

understanding of his ideas. The conversion of ideas to reality was never a flight of fancy for Walt; he thought long and hard, and very carefully about the practicalities of achieving his ends, and was very inclusive of the artists, designers, and engineers who worked for him.

The conversion of ideas to reality was never a flight of fancy for Walt; he thought long and hard, and very carefully about the practicalities of achieving his ends, and was very inclusive of the artists, designers, and engineers who worked for him.

Walt said it this way: "When we consider a new project, we really study it – not just the surface idea, but everything about it. And when we go into the new project, we believe in it all the way. We have confidence in our ability to do it right. And we work hard to do the best possible job" ("Foundations for the Disney Business," no longer available at [www.savedisney.com](http://www.savedisney.com), but

cached on Google at [http://72.14.205.104/search?q=cache:BLJBH6FmFWYJ:www.savedisney.com/vison/foundations\\_for\\_business.asp+foundations+for+the+disney+business&hl=en&lr=lang\\_en&strip=1](http://72.14.205.104/search?q=cache:BLJBH6FmFWYJ:www.savedisney.com/vison/foundations_for_business.asp+foundations+for+the+disney+business&hl=en&lr=lang_en&strip=1)).

### Roy O. Disney's Advice For Executives

One evening over dinner with Disney University executives, Roy discussed the advice he would want to see included in development training for Disney executives and managers. These spontaneous comments were captured by Disney University Dean, Mike Vance (see *Break Out Of The Box*, P.p. 99-100). Most of these musings pertain to the understanding and utilization of emerging technologies. But on another level, they demonstrate an underlying thinking by Roy for the importance of management discipline and process as the foundation for managerial success.

**1. Stay knowledgeable about developing technologies.** Roy wanted information about the latest technological developments to be





included in Disney's management development programs. He said: "It's our responsibility to know what technology is available to us right now, and what is being created in R&D labs around the world." The general principle is to keep on top of technological developments that can affect your business, and figure out a way to use them to your advantage to serve your customers and the business mission.

**2. Identify emerging technologies.** It wasn't enough just to be aware of technologies, it was important to do something with the information. For Roy, it was important to actually make a list of them with the possible applications or impacts on your area of expertise. Getting the ideas out of your head and onto paper requires thinking and capturing ideas so they can be worked with. For Roy, such work required answering context-specific business questions such as: "What direction will the computer take? How will it affect managing a theme park and movie studio? What advanced technology will help us automate through the use of robotics?"

**3. Pick a technology wave to ride.** Roy wanted managers and executives to know enough about emerging technologies that they were able to make choices and take calculated risks. He said: "Pick a technology that you will bet on and believe in because of the research you've given to the subject. Convince all of us that we should join with you." Business cannot succeed if managers don't take calculated risks and make decisions. This process requires research to gain knowledge, application of business judgment within the

longer-range context of the business function being managed, and the development of a rational argument that is strong enough to convince others and win them over to your own conclusions, thereby creating consensus amongst the management team while also educating others.

**4. Don't be premature (or late) in picking your technology.** This was a warning from Roy to ensure the prudence of the investment. Being early or late with some technology investments can be costly. Roy was indicating that it is important to know through independent research the point in the development cycle at which the investment is being made. This will help guard against being fooled into a sub-optimal solution by overzealous promoters.

**5. Keep personal skills in synch with technology.** Roy saw technology as a tool to support the work and increase individual creativity and productivity. To take advantage of the benefits, one has to be proactive in learning new ways of working to achieve results.

**6. Go beyond money.** With the success of Disneyland and Walt's efforts to partner with the leading industrialists to create attractions, securing money for the Orlando project was not a major issue for Roy. "What we need," he told one investment banker, "is investors who will also make a contribution to the project." Roy thought it important to seek out partners who can bring additional value to the equation beyond the initial value being sought. In more general terms, don't just settle for the obvious – think more deeply about additional value that can be added, and under-

Over a 45 year period, Walt Disney delivered products and services that could inspire the human imagination with the awe and wonder of what could be if we set our hearts and minds to achieving positive results. This is Walt Disney's real legacy.



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stand the values of those with whom you choose to do business.

### Whatever We Had Once Is Gone

There is a lot that can be learned by understanding the business philosophy of Walt and Roy O. Disney. Walt Disney is an American business hero, and the story of the company the Disney Brothers created and their philosophy and business principles for managing it, is one not yet fully told, and worthy of further study.

Walt Disney was, first and foremost, a dreamer, a visionary, and an artist. He was tied to this world with a romantic sense of life that was overflowing with unbounded optimism about the potential of man and mankind's future. He was a unique man with a unique talent, in a unique place at a unique time. But over a period of about 45 years he proved his talent for understanding the spirit of a nation (and perhaps the world) and delivering products and services that could inspire the human imagination with the awe and wonder of what could be if we set our hearts and minds to achieving positive results. This is Walt Disney's real legacy. To see in his work only children's cartoons and a crass commercialism catering to humanity's desperate need for escapism is to miss the point of Walt Disney's 'way' and therefore neglect the lessons that today's leaders can learn from him.

Walt Disney proved through his life-long achievements that each of us as individuals can act alone and together to build a world of Disney-like qualities. We have the ability to think, to choose, to create, and to innovate, and we have the means to develop shared

values, shared visions, and shared successes, for the betterment of ourselves and mankind, within the framework of a free-market society. Walt believed in fantasy and films as an enhancement to human life – as a means of entertainment, education, and inspiration – not as a means to escape and cope with a reality that is beyond mankind's comprehension. Walt believed that a greater understanding our world was the gateway to improving it.

In a century filled with the horrors and terror that technology could unleash, Walt Disney stood as a beacon of joy and optimism, and living proof to his generation and the next that business and technology can be, and should be, fulfilling the desires, dreams and values of all people, everywhere.

There have been many visionaries and dreamers in American business that have failed. Walt Disney wasn't one of them. Of the many who failed, it wasn't because they lacked good ideas. What many of them lacked was a philosophic and ethical framework to guide their actions and keep them focused on reality and the requirements for achieving success.

Walt Disney wasn't just lucky. Luck cannot explain his success at doing so many different things over so many decades. If he was lucky in any significant way, it was probably that he had a brother like Roy who shared his core values and whom he loved dearly and who loved and admired him equally in return.

In a century filled with the horror of two World Wars and the demonstration of the terror that technology could unleash, Walt Disney stood as a beacon of joy and optimism, and living proof to his generation and the next that business and technology can be, and should be, fulfilling the desires, dreams and values of all people, everywhere. Walt took it upon himself to assume this leadership role, as "uncle" to the world, and the world was, and is, a better place for it.



*About*  
**The Strategic Planning Group**

The Strategic Planning Group (T.S.P.G.) is a full service consulting firm that can provide organizations with a wide range of advice, business tools and solutions. At T.S.P.G. our focus is on helping our clients solve their complex issues to realize their ultimate business potential, whether we are helping to set the overall strategy for the organization or assisting in a particular functional area. Our practical-results-oriented approach to solving business problems, combined with our personal commitment and dedication to providing great value for our clients, makes us the consultants of choice to blue-chip executives across North America.

We aspire to be more than just consultants. For us to be successful in helping you we need to understand how you operate and what challenges you are currently facing. We want to help you achieve your goals and your ultimate business potential. To accomplish this we must be trusted and objective advisors by contributing our knowledge, experience and thinking in ways that have a positive impact. We want to be *your* consultants of choice – as we are for other senior executives – for all of your strategic business needs.

*How to Reach Us*

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