Disney Case Study

1. Why has Disney been successful for so long?

* The reason for Disney’s success comes from its durability. It was successful in entering the market early by creating Snow White, the first full length animated movie. It then went on to expand in the movie industry making successful live action and animated films. Disney was successful in reaching to the “family” industry. Its continues animated movies allowed it to capture the attention of young children and carry on that love with future generations.

1. What are Disney’s most important strategic resources (if any)? Be clear about the criteria you rely on to assess potential valuable resources and capabilities.

* Disney’s durability and branding have helped it to continuously expand and grow in the entertainment industry.
* Eisner’s focus on team building and synergy have helped making Disney more functional with increased communication and cooperation amongst top executives.
* With Disney’s large success in the theme park industry, it has a diverse portfolio which allows for it to take more risks which often pay off.

1. What implications does this have for the strategic options Disney should pursue in the near future? Base your answer on your understanding of what resources (if any) Disney has that are valuable, rare, inimitable and non-substitutable.

* Disney’s brand cannot be imitated. Therefore it doesn’t have to worry about brand-building and can focus on making new and creative movies/television shows. Since it already has a good reputation, Disney may be able to expand into other industries without too much trouble to start up.

1. How did Michael Eisner do to turn Disney around? What core capabilities did he base his strategy on?

* When Eisner became the new CEO he implemented his new strategy to increasing the TV and movie aspect of Disney, maximizing theme park profitability, create new audiences, and improving executives teamwork.
* All of these goals were achievable from Disney’s corporate skill of “managing creatively”. With creativity, they were able to make new movies and shows and meet a new audience. Because of their investment in their theme parks, they were ale to make new risks to create new audiences. Eisner focused on synergy amongst his executives and was able to achieve this by implementing new team-building camps.

1. Which division generates the most revenue for Disney? Rank the top 2. Eisner set a growth target at 20% of ROE. Can Disney achieve this? How?

* The studio entertainment and theme park division provided the most revenue for Disney.
* Disney has been able to hold a 20% ROE in the past. When it did this it was from successful movies and shows. For this goal to be reached, Disney needs to maximize profitable shows and decrease nonprofitable shows and films. In conjunction with this, Disney also needs to focus on not over expanding. What almost bankrupted their company was when they joined with ABC.