

FALL 2016

BEHIND THE MAKING OF THE MAGIC AT DISNEY PARKS

BACKSTAGE DISNEY







SUMMARY

The Fall Edition of Backstage Disney hopes to uncover some of the positive side effects of companies “going green,” beyond the environmental impact itself. In this issue, we will delve into the details of our environmental stewardship efforts over the past five years and showcase how we tackled different initiatives. Specifically we will discuss how our green efforts have saved the company a tremendous amount of money and fostered a greater sense of community between our cast members.

Disney Parks hopes to both set the standard for industrial ecology in the entertainment industry and to make a better world for the next generations to enjoy.





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SAVING MONEY SAVING THE PLANET

YOU MAY HAVE HEARD ABOUT THE GREAT STRIDES DISNEY HAS BEEN MAKING IN ENVIRONMENTAL SUSTAINABILITY OVER THE PAST 25 YEARS, BUT DID YOU KNOW THESE CHANGES SAVE YOU MONEY TOO?

Industrial ecology is the study of industrial systems (materials and energy flows) from the perspective of natural ecosystems. Natural ecosystems have evolved so that any available source of useful material or energy is used by some organism in the system. Animals and plants live on each other and on each other's waste matter. These systems do, of course, leave some waste materials, or fossil fuels would not exist. But on the whole, the system regulates itself and consumes what it produces.

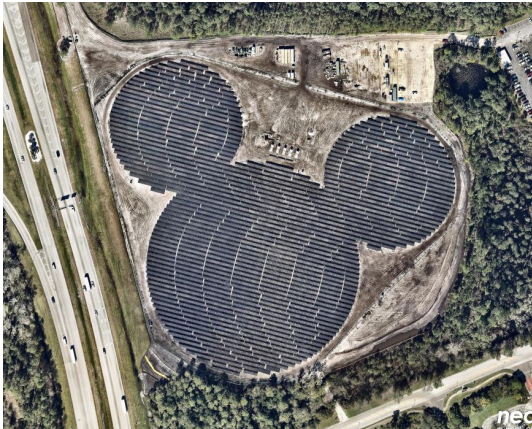
As the green game is played out in corporate boardrooms, the shop floor, in the home, and in the community, it is clear that technology and engineering will continue to play a critical role in reducing many environmental impacts of production and consumption.

Neither technology nor technological know-how are in short supply. The primary opportunities come from the continued, sustained application of existing technology to identified problems. The primary need is to create the incentives and techniques for companies to use technology and knowledge to improve environmental quality.

Human economic activity has been characterized by an open and linear system of materials flows, where materials are taken in, transformed, used, and thrown out. Tools, clothing, and other products have been forged and fashioned from natural plant, animal, and mineral materials. Worn-out goods and materials left over from the production process have been dumped in backyards and landfills. Even archaeologists find discarded reminders of the past: scrap stone, flints, and potsherds - in the rubbish dumps of the Neolithic period. People



The Walt Disney World Solar Facility is just off the east shoulder of World Drive. Announced this year, the farm is about 22 acres and will provide solar power to Walt Disney World.



moved to new habitats when the old locations became unsuitable because of accumulated wastes.

One way for industry to be more self-sufficient and less wasteful is to improve the efficiency of materials use. It seems worthwhile to examine both production processes and product designs to see if the use of materials (and energy) can be improved. Currently, when products wear out or are replaced by newer models, they are usually thrown away. They may be used as landfill or incinerated or they may litter the landscape.

Regulatory pressures and shifting public opinion have spurred the industrial and engineering community to initiate efforts aimed at closing the materials loops more effectively and improving energy-use efficiencies. Automobile manufacturers such as BMW and Volkswagen have designed cars for easy disassembly and recycling. Companies such as Hewlett-Packard, Canon, and Xerox have begun to take back their own used components, such as toner cartridges, and to manufacture new ones using

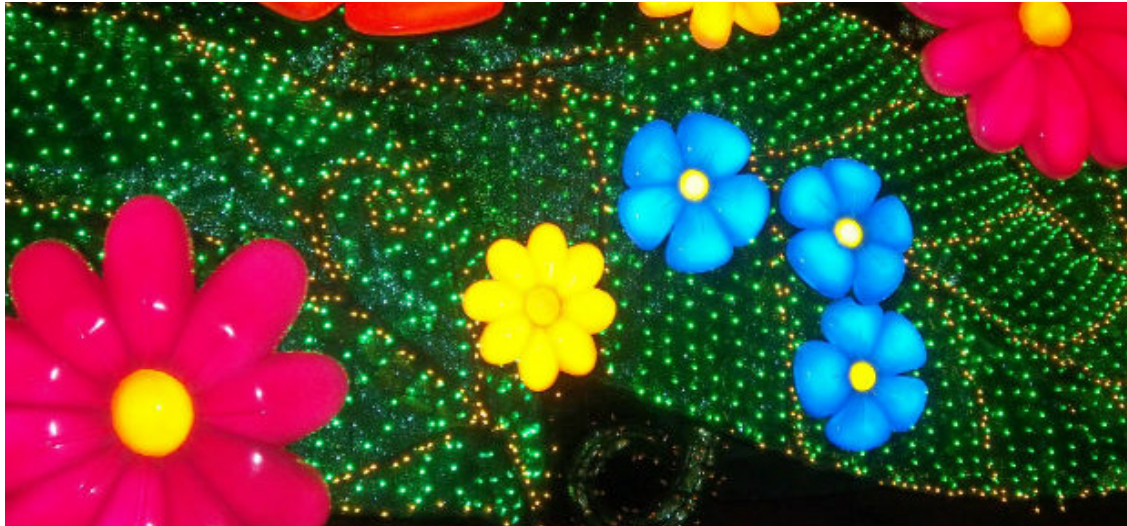
refurbished components and recycled materials from the old ones. These companies are designing new products with reuse, remanufacture, and recycling in mind. The industrial ecology perspective is beginning to influence designers of manufacturing processes. Designers of products are beginning to view their creations as transient embodiments of matter and energy with added value that can be recaptured and recreated within a continuing flow of materials extending beyond the point of sale. Products and the materials they contain are being designed so that they can be reused at the end of their lives.

The whole industrial process can be thought of as a closed cycle in which the manufacturer has overall custody for the material used. In this system, the manufacturer must consider the entire material and energy stream, from materials input and manufacturing through the life of the product and its eventual reuse or disposal. This concept has begun to be embodied in law (as in Germany), making manufacturers responsible for their products through to final disposition.

By using biodiesel made from cooking oil for fuel, Disney is able to reuse resources and cut emissions

Automobiles, their components, and other metal products, especially those made of iron and steel, have a long history of being recycled without regulatory prodding. For other met-

The Disneyland Railroad steam trains are powered by biodiesel made from recycled cooking oil – used to make french fries and other foods – at the Disneyland Resort.



Disney's Electrical Parade received a significant upgrade in 2009, with eco-friendly LED lighting.

al products and materials, progress has come later and been much slower. Why is there so much waste, especially of iron, steel, and precious metals, in the metal industry, which has such a long tradition of recycling? The barriers to industrial recycling of metals can be classified into six interrelated areas: technical hurdles, economic barriers, information barriers, organizational obstacles, regulatory issues, and legal concerns. When recycling is technically feasible, it may be economically unsound. When it is technically and economically satisfactory, a lack of information may block its adoption. Even when the requisite information is at hand, organizational problems can still stymie implementation. Finally, when all else is

satisfactory, a recycling scheme can founder on the rocks of regulatory or other legal barriers. The suitability of a material for an intended reuse is a key technical concern. Metals, metal compounds, and organic materials make up a large fraction of industrial products. The metals are relatively easy to reprocess and reuse. In many cases, however, organic materials are best thought of as energy stored in chemical bonds rather than as reusable materials. Waste and product materials sometimes contain unwanted "tramp" elements. These contaminants can ruin the reuse potential of the materials or make handling difficult or dangerous, and purification is often problematic. As products are redesigned for newer more cyclical material use, some of the material problems may be eliminated through smarter design. However, it will not always be possible to "design out" problematic materials. For example, zinc is often used to coat steel to prevent corrosion. It can interfere with the desirable properties of new steel forged from melted recycled scrap steel. Steel mills therefore limit the permissible

By switching to solar panels and LED lighting, companies cut back on taxes and high energy bills

When Disney constructed the World of Color show, they collaborated with the Orange County Water District to conserve the water in Paradise Bay.

content of zinc in the scrap they buy or they pay less for scrap with more than a threshold concentration of zinc. The manufacturing process tends to mix materials that are further mixed in the process of waste disposal. In remanufacturing, one generally wants to separate things into their original components and materials. There are costs involved in collecting, sorting, and transporting used-up products,

“You’ve probably heard people talk about conservation. Well, conservation isn’t just the business of a few people. It’s a matter that concerns all of us” - WALT DISNEY

scrap, and waste. Such separation requires information, effort, and energy, which must all be paid for. These costs must be compared with the costs of new materials. Even when the operating costs of recycling are attractive, there may be capital costs that pose barriers. Heavy capital investment in existing systems may prevent a company from securing an easy source of new investment to start over. This obstacle may introduce a time lag, postponing

the decision to recycle until it is suitable to make a capital investment, such as when the machinery requires change for some other reason. Some companies that face competitive forces of ever-shorter product lifespans, particularly those in the electronics industry, have introduced “design for the environment” techniques as a major impetus for reengineering their products and processes.

The cost of eliminating or reusing certain materials must be balanced against the cost of disposal. Disposal costs bring up the question of how companies should take account of indirect costs such as the effect of wastes on the environment. These issues have generally been handled by regulatory control of emissions but could equally be dealt with by including the costs of environmental damage in a firm's bookkeeping. The bookkeeping approach would provide an incentive to minimize such costs, and it might force a truer comparison of the costs of alternative schemes. However, it has proved very difficult to find suitable, agreed-upon measures for such costs.

The requisite information about costs is not usually available to everyone in the firm who might be able to use it to good advantage. Standard management and other accounting systems often do not track costs in a way that is useful to designers. There was a time when it was common practice to lease rather than sell many products outright but now that has changed. Design engineers may not know of the real costs to the company of the materials they choose. Designers generally have no idea what waste problems will be posed by manufacturing with different materials.



CREATING COMMUNITY BY GIVING BACK

MORE THAN PROTECTING THE ENVIRONMENT AND SAVING MONEY, ENVIRONMENTAL EFFORTS AT DISNEY HELP TO CREATE A COMPANY WITH STRONG VALUES AND A BETTER SENSE OF COMMUNITY.

The internal organization of a firm can be difficult to change. Changing the whole concept of a product or adding new criteria for environmental compatibility to the design process may not fit the ideas on which the firm operates or its internal incentive system. The business structure may make perception and solution of problems that cross organization lines very difficult.

The U.S. regulatory system for industrial wastes has been designed around disposal, and the rules treat recycling and reuse as forms of disposal. The designation of a material as waste, as distinguished from scrap or hazardous material, can be crucial. There are many inconsistencies in the Resource Conservation and Recovery Act. For example, the waste classification of a solvent-laden rag used to clean machinery depends on how it was used. If the solvent is poured first on the machinery and then wiped with a clean rag, the rag is a hazardous waste. However, if the solvent is poured first on the rag and then the rag is used to wipe the machinery clean, the rag is not considered a hazardous waste. Recycling an industrial waste material is likely to require

the recycler to become a legal disposer of that material under the regulations.

“You can design and create, and build the most wonderful place in the world. But it takes people to make the dream a reality” - WALT DISNEY

Obtaining a permit has significant time, financial, and bureaucratic costs attached, which are a nontrivial barrier to reuse of industrial waste materials. Under current legal practice, liability considerations for a hazardous material often favor its disposal over its sale or transfer for reuse. Liability is often targeted at the original seller of any material used in a product implicated in a damage suit, even if the material has been reused and remanufactured by several parties en route to that ultimate product. The trail of potential liability can be so long and so unpredictable as to be thoroughly unpalatable. A supplier of a generally harmless, minor component material in a product might be assessed high liability damages because the product caused harm, even if that supplier was not a party to the product design and the ma-

terial was not at fault. This practice has serious implications for commerce generally, and it appears to explain why firms often choose to dispose of scrap and waste rather than seek users for them.

The following example from a glassmaker is illustrative. Certain nonhazardous wastes from glassmaking would make good additions to concrete, improving its properties. Nevertheless the glassmaker disposes of these wastes in a landfill, because the legal counsel worries about potential liabilities if the concrete ends up in an apartment house or a highway. Such liability risks are hard to predict and quite unacceptable in comparison with the more predictable liabilities related to landfill disposal.

Some firms have already begun to design their products and processes with a view to closing material loops as much as possible. However, if a product is the transient embodiment of materials (a plastic water bottle for example), then closing the loop on those value-added materials raises an important question for the

Increased environmental effort from companies has been linked to increased productivity, motivation, and efficiency in employees

firm: Is the product simply the hardware being sold, or is it rather the services that the product can provide? There was a time when it was common practice to lease rather than sell many products outright. In a lease-based system, the manufacturer controls and therefore is responsible for the end of the product's life and is always prepared to take it back for recycling, reuse, or refurbishment.

Designing a product as a temporary provider of a service, to be used later in the creation of another product, is a novel idea in modern manufacturing and raises a new set of issues. A product is generally sold with the assumption that a consumer or sequence of consumers

Disney Volunteers' goal is to develop opportunities for Disneyland Resort cast members and their families to contribute personal time, expertise and effort to make a positive impact on the community



will use it until it cannot be used anymore. If the manufacturer thinks about taking it back for remanufacturing, the length of time the product spends in the customer's hands becomes an adjustable design variable. The maker may not want the product to wear out by being used for an indefinite time and so might choose to reclaim it at an optimum time for remanufacture. Thus, the notion of "what is a product?" changes. Similarly, its life cycle may also change. The manufacturer may increasingly want to choose materials and designs that take into account the product's eventual "de-manufacture" and reuse.

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Service driven outings have proven to increase positive inter-personal relationships in the workplace

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CONTINUING TO PUSH FORWARD

IN ORDER TO MAKE THE LARGEST IMPACT POSSIBLE, DISNEY PARKS WILL CONTINUE TO BE SELECTIVE ABOUT OUR VENDORS, SUPPORTING COMPANIES THAT MAKE INDUSTRIAL ECOLOGY A PRIORITY

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"If we don't act in accordance with the stories we tell, the experiences we offer, and the images we project, we lose our authenticity. You can't entertain a family on the one hand and then totally disregard the world and circumstances in which they live. Acting responsibly is core to our brand."

JAY RASULO CFO



The *WALT DISNEY* Company