



Book Innovate the Pixar Way

Business Lessons from the World's Most Creative Corporate Playground

Bill Capodagli and Lynn Jackson
McGraw-Hill, 2009

Recommendation

Despite a blue-sky tone, this book offers a fascinating window into the singular culture of Pixar, the world’s foremost animation studio. Management consultants Bill Capodagli and Lynn Jackson balance their accounts of technological advances, cutthroat corporate politics and astonishing profits with descriptions of Pixar’s arcane approach to strategy and human resources. The tale of how Pixar’s leaders exercise their determination to run the shop their own way – while standing up to interference from Disney, their corporate parent – injects narrative drama into this straightforward presentation of Pixar’s in-house philosophy. Its leaders’ willingness to accept failure, and their faith in their own judgment about products and people, prove inspiring. The lessons offered at the end of each chapter err toward the simplistic and don’t usually demonstrate how conventional businesses might apply Pixar’s methods. Instead, the authors mostly leave extrapolation of Pixar’s business teachings to the reader. A lengthy index citing other companies that thrive under a “fun” matrix helps make up for that shortcoming. *BooksInShort* finds that those examples, plus revealing quotes from Pixar executives, will enable readers to emulate Pixar’s strategy as they enjoy this inside-the-theatre corporate profile.

Take-Aways

- Pixar Studios, which created *Toy Story* and *The Incredibles*, among other animated hits, is the model of a cutting-edge, forward-thinking company.
- Pixar shows that innovative companies foster creativity, and creative companies foster innovation.
- Learn from Pixar’s example: Develop and stick to a long-term vision. Make sure all your business practices and goals serve that vision.
- Punishing failure stifles innovation. Instead, celebrate failure as an essential element in finding solutions.
- Top-down communication improves morale and increases productivity.
- Look for the unpredictable hire; an eccentric genius is a better long-term investment than a safe plodder.
- Make fun part of the daily work routine.
- Stand up for your long-term goals against corporate superiors and shareholders.
- Solicit input from all employees for creative and business-oriented decision making.
- Create loyalty among your employees. Display “mutual respect and trust.”

Summary

“Dream”

Pixar Studios’ co-founder Ed Catmull and early hire John Lasseter, now Chief Creative Officer, have worked together as partners since 1984. Their fundamental credo is to retain the “childlike wonder” most adults lose. As Lasseter says, “People who get into animation tend to be kids. We don’t have to grow up.”

“Quality is the best business plan.”

Pixar emerged from an unusual confluence of interests: Computer animation geeks who wanted to be comic book artists connected with software entrepreneurs who wanted to be rich. Pixar’s engineers and its creative staffers understood from the beginning that the future lay in the machines and programs they discovered, learned or invented, but nobody knew what that future would look like. Under Steve Jobs’ early ownership (he bought Pixar from Lucasfilms in 1986; Catmull’s co-founder Alvy Ray Smith left in 1991), Pixar primarily attempted to sell expensive graphic-generating computers. Management regarded movie making as a hobbyist sideline.

“Collaboration is critical to the process of generating ideas and solving problems in any organization.”

As the technology grew more sophisticated, Pixar’s brain trust grew more determined that animated features would be its *raison d’être*. In ’95, *Toy Story*, Pixar’s first full-length movie, earned an absurd level of success. Catmull and Lasseter realized to their surprise that the inventive madness that went into *Toy Story* had a method, even though their freewheeling creative process might appear random. They set out to codify that method to maintain their success. Their early discoveries included the realization that they – as a management team, creative team and financial team – were often wrong. They pursued mistaken policies, fought pointless fights, chose inferior subjects for their films, used the wrong technology, and so on. At the same time, Pixar focused on long-term goals, hewed to its vision and never succumbed to market, press, peer or executive pressure. Thus protected, Pixar employees knowingly, seamlessly fold mistakes into their creative process, turning errors into artistry. This lesson cuts deeply through Pixar’s culture. As Lasseter explains, “We’re almost more excited about things that didn’t work.”

“Believe”

Pixar celebrates error; its leaders do not want employees to fear making mistakes. It encourages determined exuberance. When someone makes a big enough mistake, recognition and a party ensue. Pixar fosters flexible minds in a no-fear ambience. This applies equally to creative staffers and to software and hardware engineers – who in more staid firms function under intense pressure to follow instructions and keep their imaginations to themselves. Pixar is determined that its geeks and artists will not and should not form antithetical, internal cultures. In many corporations, each group sees the other as the main impediment to the realization of its goals. Pixar maintains an atmosphere in which each group views the other as its most crucial collaborator.

“A check-the-boxes approach to creativity is likely to result in blandness and failure.”

This collaborative atmosphere derives from another Pixar dictate: Nothing is as important as communication. Pixar keeps all channels open. It encourages top-down contact from executives to all staffers, and regular formal and informal meetings between the geeks and creatives, who tell each other what they are doing and why. No leader ever presents Pixar’s people with a fait accompli decision; they always have input. Pixar expects employees to share ideas and opinions about upcoming company initiatives. The open-plan Pixar workspace, and its extensive community spaces for dining, hanging out and playing (an Olympic-sized pool, a game room, cafés), encourage constant interaction within departments, between units, and up and down the command chain. The corporate culture doesn’t respect rank, and it welcomes frank opinions. No one gets in trouble for speaking his or her mind. Of course Pixar can sustain this devotion to open communication and creative mistakes only because they’ve proven extremely profitable. Pixar employees do not expect outsiders to understand how they operate. In fact, they seem happier when outsiders have to wonder how it all works.

“Treat management as you would treat a customer – focus on getting them to embrace your dreams.”

Pixar prefers to hire eccentrics, wildcards, people who do not color within the lines. However, it wants these iconoclasts to be dedicated workaholics, as well. People who haven’t fit in at more traditional companies – and who’ve attained a reputation as difficult mavericks – tend to thrive at Pixar, with its combination of personal, creative freedom and devotion to deadlines and excellence. Managers are proud to cite flourishing employees whom other companies branded as “unmanageable.” These tough cases do not prove any more manageable at Pixar, but the firm provides an atmosphere where they can be consistently productive. Pixar’s leaders regard *The Incredibles* as a product of its “black sheep,” a group of frustrated artists who, given free rein, carried out the best work of their lives. *The Incredibles* won Academy Awards for Best Animated Feature and Best Achievement in Sound Editing, and became a best-selling DVD even though its budget was lower per minute than any previous Pixar film. All this came from a thrown-together team of malcontents anxious to show what they could really do.

“Decision-making hierarchy and communication structure in an organization are two different things.”

To ensure that staffers never become stale, Pixar created and funded Pixar University (P.U.). Pixar encourages staff members to take at least four hours of free courses a week on its 16-acre campus – known as “The Habitat.” The courses, taught by recognized experts, cover a broad range of topics, from drawing to improvisation to self-defense. Pixar believes that smarter, well-rounded employees are more creative and innovative. In a clear demonstration of Pixar’s willingness to live up to its self-created image, it installed Randy Nelson as P.U.’s “dean.” Nelson is a former trainer at NeXT (the computer company Jobs launched following his ouster from Apple) and a founder of the absurdist postmodern juggling troupe The Flying Karamazov Brothers. Staffers can take as many classes as they like if they maintain their work schedule. Underlining Pixar’s collaborationist spirit, P.U.’s motto is “*Alienus Non Diutius*,” which means “Alone No Longer.” Nelson says P.U. gives “people opportunities to fail together and to recover from mistakes together.”

“Dare”

Pixar’s founders survived various adventures with corporate overlords – especially bottom-line obsessed, hide-bound, bureaucratic Disney. They learned the hard way to prioritize long-term investment in innovation over short-term profits. Disney’s chiefs did not understand the potential of three-dimensional computer animation. They were complacent about profits from sequels to their animated hits and uninterested in funding any waves of the future. Disney lost the opportunity to own Pixar at its very beginning. Pixar’s partners profited from Disney’s mistakes; they always sought new methods and opportunities, and they believed in an enduring vision and total dedication to the finest work, whatever the cost. In 2006, Jobs sold Pixar to Disney for \$7.4 billion.

“Creativity demands awareness – attention to managing the failures that happen on the path to success.”

Collaborative opinion sessions are a regular feature at Pixar. Directors and their creative teams show their work to gatherings of other employees, who are free to say what they think. Creative team members can listen to or ignore the advice, but they cannot escape the opinion sessions. Pixar believes this makes creative staffers more confident about their ideas and more able to stand up to criticism without losing their focus. It also teaches them to defend their thought processes. Plus, the commentators learn more about other people’s work. Such collaboration is Pixar’s lifeblood. Pixar believes in the people it hires and in their ability to find the best approaches. Pixar managers treat staffers and their ideas with respect, because they believe respect is the greatest motivator. Pixar workers do not sign contracts; Catmull shuns such agreements as a prerogative of corporate control, and wants workers to want to be at Pixar. When they no longer wish to stay, he thinks they should leave. As reflected in its human resources policies, Pixar wants people who cannot wait to get to work and who love being there.

“He who fails most wins.”

Pixar vets job candidates through the rubric of “depth, breadth, communication and collaboration” – attributes employees must possess. Depth addresses excellence in an employee’s chosen area of expertise, and his or her ability to work hard over the long haul. Breadth means possessing a broad base of life lessons and curiosities. It also means understanding other people’s motivations or cultures, and having the ability to draw upon those insights. People with breadth move toward others to solve problems; they do not shy away from one another. Communication is the capacity to know when a listener has understood a discussion, and to listen carefully and comprehend. Collaboration happens, in the Pixar view, when people use all these skills in the pursuit of a joint project with others who have equal abilities. Someone with all these qualities possesses field “mastery,” and any master has long since learned to fail, recover and move on.

“Do”

The “Pixar Way” involves knowing how to avoid being interfered with or bullied, on both an individual and corporate level. Throughout its existence, Pixar’s leaders have fought for its creative ideas against “the suits.” To keep the suits at bay, Pixar delineates clear progress points that mark how far each project has developed, stage by stage. Managers involve the suits in briefings designed to keep them up-to-date and make them feel included. Progress reports sell “the dream” to upper management and include executives in the collaborative process. Pixar’s staffers want to hear their bosses’ opinions, but the firm’s noninterference strategy embraces listening to, but not necessarily acting upon, their feedback.

“Drawing class doesn’t just teach people to draw. It teaches them to be more observant.”

Pixar’s greatest strength is its willingness to fail. Because the company understands that punishing failure stifles innovation, workers know they can innovate without fear. Managers always encourage staffers to overreach, to try new ideas and techniques. Employees know the company trusts them. Their goal is to fail while reaching for the stars, to gain knowledge from the failure, and to rise up and try again. Pixar raises risk taking to an art. Its principles for encouraging risk and creating a “try, learn and try again” culture include:

- Honoring failure like success.
- Quickly creating prototypes of new products for rapid testing.
- Giving teams unlimited freedom to see what they create.
- Asking team members for 10 of their most imaginative, least-grounded solutions, no matter how far from reality they might be.
- Using financial restrictions as strengths and developing within existing capabilities.
- Treating plans flexibly, and letting plans and circumstances develop together.
- Displaying team ideas, in planned or real form, for all to understand.
- Avoiding long meetings and reports as a waste of energy and time.
- Seldom asking for permission.
- Implementing ideas as they arise.
- Seeking purchasers or suppliers who match Pixar in flexibility and forward thinking, because such allies become real-world testers for even the wildest notions.

“Art is a team sport.”

Pixar believes in the power of play and the health-giving attributes of laughter. That laughter does not stop when managers come near. Pixar’s offices are a playground. As employees encounter one another in informal circumstances, ideas flow easily. In the early days, Pixar furnished its screening room with a hideous assortment of thrift-shop beaten-down couches – all the company could afford. Rather than seeing the couches as a symbol of the company’s budget restrictions, employees regarded them as a badge of honor, and the couch room became a favored hangout.

“We worked really hard, but we also had so much fun and it showed up in our work.” (John Lasseter)

Pixar’s play-oriented policies include having a team invent monthly, companywide playful activities, such as in-house scooter races; encouraging employees to personalize their work spaces; noting moments worth celebrating – from birthdays to project completions; and helping staffers gain recognition beyond the company by encouraging them to join professional organizations, attending conferences and publishing in journals. Letting workers share their achievements with the outside world makes them more loyal to Pixar. Managers always give “mutual respect and trust” to anyone on any level at Pixar. As communication must flow up and down the power chain, so must care and attention to the humanity of all the company’s workers.

About the Authors

Bill Capodagli and Lynn Jackson of Capodagli Jackson Consulting also wrote *The Disney Way*.
