**Organization Background**

Walt Disney (Disney) recently has been nominated as “The World’s Most Powerful Brand” in the ranking of 13. It is now having a great brand value and reputation among people around the world.

In early 1923, Walt and Roy Disney launched the Disney Brothers Cartoon Studio in Los Angeles. They produced their first sound film, the cartoon Mickey Mouse in 1928. They continued releasing other films and started to gain popularity. In 2006, Disney purchased Pixar Animation Studio. Then, in 2018, Disney completed its acquisition over 20th Century Fox. Besides that, Disney occupied the largest market share in studio entertainment in 2018 with a percentage of 26%. Disney also involved in the operation of media network which comprises a vast array of broadcasting, cable, radio, publishing and digital business through ABC Television Group and ESPN Inc.

Furthermore, Disney started its business of Disneyland by opening two theme parks in Anaheim, California in 1955. In 1983, it started to expand its business outside the United States. It opened its first international park, Tokyo Disneyland. Till now, there are 6 Disney resorts in California, Florida, Paris, Hong Kong, Japan, and China with a total of 12 parks. This shows that Disney focused mainly on Europe and Asia, which is more developed region in the world. Through this strategy, Disney succeeds to attract over 52 million visitors that come around the world.

On the other hand, Disney licensed the image of Mickey Mouse in 1929. It started to make Mickey Mouse merchandises. The first Disney Store opened in Glendale, California in 1987. Later, Disney also added other characters to its toy line. In 1995, Disney established computer and video game console software, called Disney Interactive. Disney began its online retailer on November 19, 1996. In 2015, there were more than 200 Disney Store locations in North America; more than 40 Disney Store locations in Japan; and more than 70 Disney Store locations in Belgium, Denmark, France, Ireland, Italy, Portugal, Spain, and the United Kingdom. Disney also tried to reimage its stores in 2018.

In 2018, Disney restructured the organization structure to 4 segments which the Direct-to-Consumer and International unit is newly created. Apart from the new unit, there are also the Media Network unit, Studio Entertainment unit and Park, Experiences and Consumer Product unit. According to the study, Disney earned its total revenue of $59.44 billion in 2018. Its biggest segment was its media networks, which generated revenue of $24.5 billion.

The mission of Disney is to become the leaders of the producers and providers of entertainment and information in the world. It tries its best to develop the most creative, innovative and profitable entertainment experiences and products to its customers globally.

From the study, Disney main competitors in entertainment are 21st Century Fox and CBS Corporation, Time Warner Inc., Viacom Inc, and Comcast Corporation. For theme parks, Disney main competitors are Universal Studios Hollywood and Six Flags Entertainment.

Therefore, in this assignment, we are going to discuss how Disney competes with its competitors and what the strategies it uses to expand its business. We will list them out in five aspects: Organization Culture, Leadership, The Power of Change, Speed Strategy, and Direct & Indirect Forces.

**1. Organization Culture**

Disney has a very strong and positive organization culture that helps it to be one of the most successful companies in entertainment, mass media and amusement park industries. There are a few organization cultures that exist in this company.

Firstly, innovation is the main organization culture that helps Disney to become the world’s leader in entertainment. The culture of innovation encourages creative thinking among the employees and helps them to achieve excellent work performance. Through the innovation culture, employees are able to create competitive products and services. For example, Disney succeeded to combine hand-drawn animation with computer graphic (CG) in 2008 that strengthen its position of entertainment’s leader in global. The implementation of new technology to produce animation satisfies the consumer preferences with regard to the purpose of entertainment that brings happiness to people.

Besides that, Disney also emphasizes the characteristic of quality as its organization culture. This characteristic brings to high standard work performance that helps the company to achieve business growth and sustainability in the international market. Quality has become the major culture that exists in this company where employees have all required skills to create unique and differentiable products that different from its competitors. For example, Disney reinforces the high quality in entertainment services in Disney Park and Resort. Employees are always motivated to enhance themselves in order to provide excellent and memorable entertainment services to the customers.

Moreover, Disney’s organization culture includes excellent storytelling skills. Disney encourages its employees to add stories and values that have been experienced by them in their lives. Through this culture, the entertainment products and services will be more familiar to the customers and this will create a more memorable and warm moment for them. For instance, the animation named “Frozen” produced by Disney in 2013 is the highest-grossing animated film of all time.

In addition, optimism is also the organization culture that exists in Disney. Positive thinking reflects employees’ behavioral contributions to Disney’s products which fulfills the company’s mission to develop the most creative, innovative and profitable entertainment experiences and related products to the world. Optimism motivates employees to trust their colleagues and therefore creates a positive and happy working environment. Thus, the products and services that created by Disney with the purpose of make people happy always get the excellent result and feedback from the customers. For example, Disney succeeded to attract over 52 millions of people to visit the Disney Park and Resort located in California, Florida, Paris, Hong Kong, Japan, and China.

In conclusion, the well organization culture exist in Disney help it to become competitive in global as the world’s economy system become more challenging due to income equality and trade war.

**2. Leadership**

First of all, Mr. Walter was a transformational leader that influence his followers by his charisma. He had lots of charisma. Charisma is the main ingredient that made Disney become so successful. This type of leadership can minimize the internal conflict in the company. He has the transformational leadership characteristics with include idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Mr. Walter built trust among his employees. He motivated and stimulated them to be more creative.

The idealized influence is also called Be Positive Role Model. Mr. Walter is a positive model to his followers, so his employees will trust, admire, and respect him. He would not force his employees to do the things that they cannot do. He created the innovative idea to entertain the public and Disney is still doing until now.

Mr. Walter also embodied with inspiration motivation. Inspiration motivation can be defined as the leaders that are able to inspire confidence to their followers. An exciting image will be created through inspiration motivation. Disney always motivated people through animations and it hopes all the children to succeed in anything that they wanted to do although it is difficult. He had an extraordinary vision and the best way to communicate with his employees in order to avoid conflict with employees. He also gave the commands clearly to the employees to show what they needed to do.

Mr. Walter also embodied with intellectual stimulation. Intellectual stimulation is the dimension that implies seeking different perspectives when solving problems. He encouraged his followers to not only challenge themselves but also challenge him as well.

He also demonstrated individualized consideration which is one of the aspects of transformational leadership. It refers to the support of the leader giving to their followers. He is also considered as a nice coach and mentor. He needed his team to corporate to achieve his goals because he knew that he could not achieve the goals by himself.

Apart from that, Walt Disney applied an autocratic leadership to his career. Autocratic leadership is more focus on rules. He became more controlling after he had moved into a new studio and after he earned over 8 million in sales of Snow White. He liked to ask employees for their ideas and he will fire the employees immediately if he did not like the behaviors of his employees. For example, he fired a Sleeping Beauty performer just because she did not follow the rules set by the organization. Taskmaster was the term that his former employees used to describe him. Mr. Walter made almost all of the decisions and methods in his corporation. This style of leadership would be participative. A participative leader will only involve one or two employees in decision making.

Mr. Walter was also a risk taker and he had the courage to accept anything even though he was struggling in bankruptcy of his early ventures. As evidence, he started the cartoon business called “Laugh O Grams Studio”. “Pictorial Clubs”, a NY distributor promised they would pay “Laugh O Grams Studio” at $11,100 to produce a movie but what Mr. Walter and his partner had received was only $100. He used all the money for the movie named “Alice’s Wonderland”, but due to insufficient money, he forced to sell this movie to Hollywood. He didn’t give up. He asked the NY distributor for more money to produce the movie but it was rejected. Therefore he decided to create a new character - Mickey Mouse and find a new distributor. He was successful at last.

**3. The Power of Change**

Around the year 2000, 2D, hand-drawn feature animated films were outdated. People no longer like to watch 2D movies because of their qualities. Therefore, Disney tried to combine hand-drawn animation with computer graphic (CG). It successfully produced CG movies, Bolt in the year 2008 and Tangled in the year 2010. This had brought surprise to its audiences. At last, Frozen in the year 2013, the 3D computer-animated musical fantasy film had won the Academy Award for Best Animated Feature.

Nowadays more teenagers and adults tend to shop online, fewer people are going to the brick-and-mortar stores. Disney found this out and decided to reimage its approach to retail online in the year 2017. It launched a new e-commerce site called shopDisney.com. It added products selling online by adding Pixar, Star Wars, and Marvel products to attract more people.

Disney always focuses on entertaining its customers. It needs to understand the preferences and tastes of its audiences who watch its movie so that it can provide its audiences what they like. To understand its audiences better, Disney uses artificial intelligence (AI) and face recognition technology. The expressions of the audiences such as tearing, yawning, laughing and others will be captured and analyzed. This will help Disney know which types of movies is going to attract them or nearer to their favors. As audiences’ favors are more likely to change, these technologies are needed for Disney to produce attractive movies.

As technology has advanced and influences our daily life, the video streaming service is also growing fast. In order to have a global expansion, Disney is ready for a change. In the year 2018, it ended its contract with the Netflix and planned to launch its own online video streaming service, Disney+. It will offer more family-friendly movies at a lower price compared with Netflix. The lower prices will indeed attract more consumers to choose it and spend on it. This will help Disney to gain popularity and expand globally.

On the other hand, Disney also makes changes in its parks and resorts. It implements the MyMagic+ system at the Walt Disney World Resort to meet the demand of customers. It includes MagicBands and FastPass+. MagicBands can be used as room keys, park tickets, and charge cards for room charges. Through MagicBands, Disney gives its customers more personalized service. Some customers might feel annoying to stand in a long queue, waiting for their turn to play at a particular ride. FastPass+ solve this problem. Customers can make reservations through FastPass+. Customers can avoid waiting in a crowded line as it will remind the customers when they are going to board. Disney successfully enhances customers’ experiences and attracts more customers in its theme parks.

In addition, Disney has been dealing with environmental issues. It uses the resources wisely and tries to attain a “zero” state of net greenhouse gas emissions and waste while conserving water resources. In 2017, it successfully reduced its emissions by 41% and diverted 4% of waste from landfills and incineration. It plans to reduce plastic waste by banning single-use plastic straws and plastic stirrers. Such efforts will show the public that they can change their daily habits to save the earth. Disney tries its best to tackle with the environmental problems.

As there is no fixed situation and condition in our real life, Disney needs to apply the change theory to its business. It is especially obvious when it comes to technology changes. It changed from 2D animation films to 3D computer-animated movies, from physical stores to online store. It also uses artificial intelligence (AI) and faces recognition technology to deal with the changes in customer preferences. For environment changes, Disney puts its efforts to achieve its eco-friendly goals. It indeed has done a good job in applying the change theory.

**4. Speed Strategy**

Business nowadays has become more difficult to maintain as the global competition between each other has become fast-paced and highly dependent on advanced technology. Hence, Disney applies a few general speed strategies in order for them to stay globally competitive against other large firms such as Time Warner Inc., Viacom Inc., and Comcast Corporation.

The primary speed strategy used by Disney is product development. The objective of this concept is generally to invent various new products and services so that it can be introduced to the current society’s markets, especially movies. For instance, one typical way for Disney to earn profits from the customers is by releasing a new Disney’s movie and simultaneously offering new merchandises or toys which is related to the characters in that movie. Hence, frankly speaking, the aim of Disney to execute this concept is for it to grow stronger as an international organization in terms of reputation and popularity by convincing the customers to purchase its products.

Besides that, Disney also applies a secondary intensive growth strategy which is market penetration. Through this plan, the business growth of the organization can be achieved faster and easier by increasing the sales and profits of the existing products in the global entertainment market. One of the technique used by Disney is aggressive advertising its products and merchandises to drastically increase its total revenues in a short amount of time through social media. Thus, it attracts tons of worldwide customers to purchase its products. This ultimately helps the company to stay competitive in the global entertainment industry.

Moreover, Disney applies the speed concept in its business by planning ahead of its competitors, especially for the theme parks and resorts segment. According to the statistics, these two sectors are both the most valuable assets for it, which contribute approximately 30 to 35% of the total revenues of this company. Therefore, for the purpose of maximize its profit, Disney plans to establish more new attractions for its theme parks and resorts sector in the next few years. One of the strategies is by utilizing the application of automation or Artificial Intelligence (A.I.) to provide more systematic and efficient services to the customers. This crucial step will not only improve the guest experience but also helps generate more revenues for Disney to expand its business in other segments.

Last but not least, Disney applies market development to grow its business. By introducing the existing products of the company into other available markets, Disney can improve its strengths to manage and to enhance its position in the industry’s competitive forces, specifically the entertainment industry. For example, Disney accelerates its business growth by setting up operations in new available markets and involves itself in the regional market by establishing new Disneyland amusement parks in many countries such as Japan, Hong Kong, France, and California. Through this method, Disney not only approaches the domestic society easier but also indirectly improves its brand popularity by meeting the expectations of the customers in a more convenient way.

In conclusion, for the purpose of improving its competitive advantage in the global entertainment market, Disney has applied speed strategies to compete against other large firms. These strategies help it to overcome all sorts of challenges due to the sudden changes in politics, economics, and socials. This concept is very important for them to stay innovative and creative with the development of new products so that its reputation and company image popularity shall always at the worldwide tip-top position.

**5. Direct and Indirect Forces**

Universal Studio is the main competitor of Disney in the tourism area because it has a unique place called Harry Potter theme land. But there are the direct forces that drive Disney to become a well-known company by having a lot of remarkable and theme park which consist of four main parks named the Magic Kingdom, Epcot, Hollywood Studios and the Animal Kingdom. Tourists have the chance to experience the classic fairy tales story likes Mickey Mouse and enjoy the performance stage shows and cosplays. Visitors also have the opportunities to explore the animal park and get close to those 250 species of animals and plants. Furthermore, visitors can also shop in these theme park. All these unique activities, facilities, and welfare are the key to attract millions of tourist to visit Disney because they feel that it is worth. This amusement park has successfully earned $15 billion in United State.

Besides that, Disney has its own systematic and rapid transport systems such as monorail, ferries, and bus system which is almost same as Universal Studio. This public transportation can carry the tourist efficiently from one destination to another. Tourists can enjoy the journey more convenient without suffering from walking so long or traffic jam. But Disney has direct forces by making it more innovative. Disney had added the new transportation system which is skyliner gondola ride. Tourist can enjoy the natural landscape from the high position. The repairment will be carried out as fast as possible if Disney detects any flaws or spoils.

The third direct force is Universal Studio and Disney actively follow the trend of technology. They have adopted lots of new technologies in the Disney world as well as social media. But recently, Disney has developed a wristband that was connected to the internet. With a simple swipe at the sensor, this wristband can unlock hotel room doors, pay for meal and book entrance ticket. Disney has own apps such as Play Disney Parks. This kind of apps can help tourist books ticket online, access the Disney world map online and search the restaurant and shopping center. Majority Disney apps are free and easy to access and install. In 2013, Disney had launched the MyMagic+ Program. This program is the wristband is installed with a new system which is to collect and anticipate the behaviors, desires, and trends of tourists. Its purpose is to grant the tourist incredibly experience. All this big data will be analyzed in a giant computer to predict the trends of tourism and identify the weakness of Disney world.

On the other hand, although many large competitors like 21st Century Fox always compete with Disney through TV, media markets, movie, and advertisement. But Disney uses indirect force which is utilized wisely the revenue to invest TV shows and movie such as Pixar, Marvel and Entertainment and Sports Programming Network (ESPN). Nowadays, Disney has an attractive and strong sports market, media networking and movie background. For example, Marvel and Star Wars which is the franchises of Disney has successfully given a memorable and terrific impression to the customers in the movie theater. Disney earns $2.45 billion of revenue in broad digital entertainment which has contributed around 15% of the total revenue. Disney’s media networks which are the public broadcast and ESPN also is a wise investment.

The second indirect force is Disney recently realizes that a lot of customers tend to enjoy the movie or TV shows through Disney's competitor, CBS Corporation. Therefore, Disney starts to cooperate with Netflix to launch its own streaming service. The customers can subscript it monthly to enjoy the latest dramas, sports, and movies.

The third indirect force is Disney has cooperated with the foreign country such as China like other competitor do such as SIX Flag Entertainment. Disney has sign contracts with China to produce certain Disney’s product in China factory with a lower cost compared with other countries. Furthermore, Disney also actively participates in the global market to sell its own product to the foreign market by applying for the foreign license.

**Conclusion**

Sun Zi’s Art of War is an ancient Chinese military treatise and it has been used even in today business world. This is because the Sun Zi’s Art of War contains detailed theories on how to defeat one’s enemy in the fighting and these theories are applicable in today’s competitive business situation.

From this assignment, we found out that there are several key success factors of Walt Disney company. First of all, we have learned the importance of the organization culture in the company. Organization culture practiced by Disney shows that it is really commitment in providing its services and products in the purpose of making customers happy. The organization culture is proved to be the the key features for Disney to become the top entertainment company in the ranking of “The World’s Most Powerful Brands”.

Also, Disney emphasizes leadership and shows how people are inspired by leaders. Mr. Walter’s success was driven by demonstrating unique leadership qualities. He had all the characteristics of a good leader which are idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. He applied transformational and autocratic leadership to his career. He also inspired his employees by preparing to follow his vision. This became a success stone for the whole company.

Furthermore, Disney applies the change theory to its business. Due to the rapid changing technology in the world, Disney does its best to cope with the changes by providing products and services with technological implementation. It also addresses the environmental changes by reducing its wastes.

Moreover, the application of speed strategy by Disney enables its businesses to expand and develop larger so that the competitiveness in the global market can be maintained. In terms of long-run profit, Disney tried its best to come out with new ideas before its competitors. Hence, it can leave a fresh impression to the customers so that they will be more willingly to spend their money to purchase the products and services provided by Disney due to its uniqueness of products.

To become a top company which has great influence to the world, direct force is needed by imitating the strength and outstanding performances of competitors and apply them to its own company. The lessons that we want to impart from the direct force strategy is nothing is perfect and we are encouraged to continually strive for knowledge since it is never too late to learn. Indirect force is needed by performing a certain task or producing a certain product or service that is different and unique than other competitors.

As a conclusion, we have learned that the Sun Zi’s Art of War is truly a masterpiece on strategies and it continues to give inspiration to people even in this modern age.