

CASE APPLICATION

MANAGING THE MAGIC

Magic happens at the happiest place on earth. At least that's what the folks at the Walt Disney Company (Disney) work hard to make us believe. However, the difficult business climate in 2008 and 2009 challenged Disney, as it did many other well-managed companies. CEO Bob Iger and his top management team are working hard to conjure up their own magic; that is, to find the best way to strategically maneuver the company to prosper despite the environmental uncertainties.

Disney has had a long record of successes and the "Disney Difference" is noticeably apparent. What is the Disney Difference? It's "high-quality creative content, backed up by a clear strategy for maximizing that content's value across platforms and markets." From books, toys, and games to online media, soundtracks, and DVDs, Disney exploits its rich legacy of products through quality creative content and exceptional storytelling. Some of these products include, among many others, *The Lion King*, *Toy Story*, *The Jungle Book*, *Cars*, Disney-ABC Television, and ESPN programming. Although Disney is a U.S.-based company, its businesses span the globe with operations in North America, Europe, Asia Pacific, and Latin America. Its latest push is Russia, a large untapped media market, where it's planning a broadcast version of the Disney Channel. The president of Walt Disney International says, "We believe there is vast growth to come out of this market, despite the near-term economic turmoil." The company is also funding a \$452 million expansion of the Disneyland theme park in Hong Kong in hopes of boosting poor attendance figures. One of the new themed areas called Grizzly Trail is "set in an American frontier gold-mining town and features a roller coaster patterned after a runaway mine train." Despite its magical touch, just a few short years ago, Disney wasn't such a happy place.

When Bob Iger was named CEO in 2005, analysts believed that the Disney brand had become dated. And, there was this sense that Disney's target audience was young and that its products couldn't possibly be of interest to older kids. Iger, who views himself as the steward of the entire Disney brand, immediately recognized the importance of leveraging the company's vast media content on different platforms. His strategic approach had been working well until the economy slowed and the decline in global consumer spending made things even more precarious. Now, Iger and his management team will have to use all the strategic tools they have to guide the company and keep the magic coming.

Discussion Questions

1. What is the Disney Difference and how will it affect the company's corporate, competitive, and functional strategies?
2. What challenges do you think Disney might face in doing business in Russia? How could Iger and his top management team use planning to best prepare for those challenges?
3. With the announced expansion of Disney's Hong Kong Disneyland, what goals might the company set? What type of planning will be necessary?
4. How might Iger and his top management team use the strategic management process to "keep the magic coming" in the current economic climate?

Sources: C. Yung and J. Ng, "In Asia, Disney's World Will Get Bigger," *Wall Street Journal*, July 1, 2009, p. B5; P. Sanders, "Disney Profit Falls Sharply but Clouds Are Parting," *Wall Street Journal*, May 6, 2009, p. B1; R. Siklos, "Bob Iger Rocks Disney," *CNN Online*, <http://www.cnnmoney.com> (January 5, 2009); B. Barnes, "Disney Plans a Channel for Russian TV," *New York Times Online*, December 17, 2008; P. Sanders, "Disney Net Slips as Slump Hits Home," *Wall Street Journal*, November 17, 2008, p. B1; R. Siklos, "Q&A: The Iger Difference," *Fortune*, April 28, 2008, pp. 90-94; R. Grover, "A Star Is Born, Disney Style," *BusinessWeek*, April 21, 2008, pp. 50-51; and The Walt Disney Company 2007 Fact Book, http://corporate.disney.go.com/investors/fact_books.html.

