

“... so useful you may whistle while you work.”  
—*Fortune*



# THE Disney Way

**HARNESSING THE  
MANAGEMENT SECRETS  
OF DISNEY IN  
YOUR COMPANY**

Bill Capodagli & Lynn Jackson

Foreword by Fred Wiersema  
coauthor, *The Discipline of Market Leaders*

# THE DISNEY WAY

## HARNESSING THE MANAGEMENT SECRETS OF DISNEY IN YOUR COMPANY

BILL CAPODAGLI

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# FOREWORD

“**H**ow *do* they do it?” As a kid, that’s what haunted me when I was dazzled by great magicians. Wouldn’t it be great if I could do that? The same question, “How *do* they do it?” popped up in my mind when I reflected on Disney’s performance.

For Disney is awesome. It’s the longest running show on earth. For 75 years, its fantasies and larger-than-life experiences have swept away kids and adults of all ages, producing one winner after another, never looking tired or out of date. That’s no mean feat when you consider that Disney’s business requires a steady stream of new ideas and constant reinvention of the product. When you’re only as good as your last film or your last theme park attraction, there isn’t much room for either artistic or financial flops.

And think about the company’s amazing brand. I would be hard-pressed to come up with more than a handful of remote locales where the name Walt Disney doesn’t evoke at least minimal recognition. If not the Disney name, then certainly the Disney characters are bound to bring a knowing smile to faces of children and adults from Burbank to Beijing, Honolulu to Helsinki. So I kept asking myself, how *do* they do it? How do these people perpetuate their magic? Don’t they ever run out of ideas? How do they continue to dazzle customers—their “guests”—all over the world with characters that Walt Disney dreamed up when our grandparents were kids?

As I discovered by reading this book, there’s more to Disney’s tale of greatness than abundant creativity, hard work, and that never-say-die spirit.

What were Walt Disney’s values and vision, and what role did they play in the company’s amazing achievements?

The Disney success has as much to do with Walt’s sure-sighted management principles as with his entertainment and business savvy. From the hiring and training of employees to the realization of a creative concept and the company’s exceptional

focus on customer service—everything is linked to Walt’s values and beliefs. Few people are aware of the master’s guiding principles, and even fewer realize how those principles can be applied to organizations far removed from Hollywood, whether chemical businesses in Louisiana or software makers in Oregon.

In *The Disney Way*, Bill Capodagli and Lynn Jackson take you on a fascinating trip through the wonderful world of Disney, both yesterday and today. The company’s model of management remains as fresh and effective today as it was at its inception 75 years ago. A lot has changed in those 75 years: The technology is more sophisticated, the attractions at the theme parks more exciting, and the musicals more spectacular. But Michael Eisner and his Dream Team who run the Disney “show” today still rely on the sound management principles that Walt Disney himself built into his company more than seven decades ago.

And as Bill and Lynn’s string of successful clients attests, those principles of good management that form the “Disney way” can work their magic on any organization, including yours.

*Fred Wiersema*  
*Business strategist and coauthor*  
*of The Discipline of Market Leaders*

# PREFACE TO THE PAPERBACK EDITION

With the release of the hardcover edition of *The Disney Way* in December 1998, we knew we had something special. *Fortune* was our first reviewer, selecting *The Disney Way* as one of their “Best Business Books of 1999” and touting it as “so useful you may whistle while you work.”

But as time goes on, we are more and more delighted to learn of the numerous organizations that have embraced *The Disney Way*. Arguably the highest praise of *The Disney Way* comes directly from Disney cast members. *BusinessWeek* wrote a report about what the big companies were reading, and *The Disney Way* captured the #3 spot right behind CEO Michael Eisner’s book, *Work in Progress*.

The true test of the book’s usefulness, however, is in the trenches—in the companies trying to adopt a *Disney Way* culture of Dream, Believe, Dare, Do. Once thought to be a success credo that worked only for Walt Disney, it is indeed working in places far removed from the entertainment industry: in dentistry, in banks, in retail, in state government, and beyond!

You may ask, “How can our organization do what Disney does? We don’t have their cast members, their operations, or their world recognition.” Now, of course, we understand how frightening changing one’s culture can be. We believe the fear is twofold: one, it’s CHANGE, and, two, companies don’t know where to begin. No one we know of besides Mickey Mouse and Tinker Bell can wave a magic wand and inspire people. That is not our mission. Through the principles outlined in this book, we stress the importance of attaining a Disney-esque culture of customer intimacy, creativity, and teamwork that is essential in today’s volatile business marketplace.

As we write in our book *Leading at the Speed of Change: Using New Economy Rules to Invigorate Old Economy*

*Companies*, “Culture is the key to success.... it must be disseminated and reinforced—over and over and over—until it is absorbed throughout the ranks.” No one is immune from this guiding principle of success. And the Dream, Believe, Dare, Do culture is one that has proven to achieve results. Some companies use our *Disney Way Fieldbook* to infuse this culture into their own; some ask us for consultation and support. The key is making it stick by doing whatever it takes.

Once you have experienced the sheer awe of the setting, the service, and the systems at a Disney theme park, you will *know* this is the type of culture your company will want and will need, and the one that will have others wishing for the secret to your success.

And lastly, we want to thank those who have Dared to Dream, have stayed the course, and who are doing business as “show” business!

# PREFACE

**M**ickey Mouse management isn't a joke. It's the ticket to your business future.

Everyone knows that success in today's business world comes from inspired creativity and disciplined teamwork. *And* everyone knows that The Walt Disney Company is the master of both.

But how did the company weave itself into the very fabric of our society? How did it create the legacy that still endures some 30 years after the death of its legendary founder? What were the rock-solid principles upon which Walt Disney built his namesake?

This book tells the inside story of just how Disney's success was achieved—not by epiphanic flashes of creative insight that produced a *Pinocchio* or a *Dumbo*, but by the force of a much-considered, carefully wrought process of managing innovation and creativity and by adherence to a firmly held system of beliefs.

The principles and techniques that underlie that system, as articulated by Walt Disney himself, can be applied to companies everywhere. For example, it was Walt Disney who pioneered and perfected the use of storyboards as idea-generation, project-management, and problem-solving tools. And it was Walt Disney who created his own “university” solely for the purpose of training employees.

The Disney way breaks the intellectual framework to allow companies to soar beyond the limits of traditional management. For entry-level recruits and CEOs, for private companies and public agencies, the Disney principles are redefining the nature of business in our age and revolutionizing the art of management.



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## WALT'S WAY

*My only hope is that we never lose sight of one thing...that it all started with a mouse.*

WALT DISNEY, 1954

When a young midwestern artist was struggling to get his first filmmaking business off the ground in 1923, he borrowed \$500 from an uncle. The uncle insisted on repayment in cash rather than taking an ownership interest in the venture. That young artist, Walter Elias Disney, went on to advance the demanding art of animation to new heights and founded a company based on such sound business principles that it has survived for nearly three-quarters of a century and has influenced virtually every aspect of American culture.

Hindsight, of course, has a well-deserved reputation for startling clarity, and we don't know if the uncle lived long enough to feel a full measure of regret. But had he opted for stock in the Disney Company instead of a cash repayment, the return on his \$500 would have amounted to almost a *billion* dollars from 1923 to the present.

How did a boy born into rather modest circumstances in turn-of-the-century Chicago accomplish so much? Legend has it that Walt Disney explained his success this way: "I dream, I test my dreams against my beliefs, I dare to take risks, and I execute my vision to make those dreams come true."

*Dream, Believe, Dare, Do:* These words reverberate across the decades of Disney achievement. Everything Walt did—every choice he made, every strategy he pursued—evolved

from these four concepts. And as the bedrock upon which his life and work rested, they naturally informed the basic values that dictated how he ran his company. Thus, the ways in which the Walt Disney Company trained and empowered its employees, managed creativity and innovation, and provided service to its customers all were influenced by this four-pillared philosophy.

## WHY DISNEY?

The more we learn about this legendary figure and his achievements, both as an artist and as a creative business leader, the more certain it becomes that the Disney story embodies valuable lessons for every company. But most of us were originally drawn to Walt Disney and the company he founded as one is drawn to a favorite uncle.

Like nearly everyone else alive today, we, the authors, grew up being almost as familiar with the Disney name as we were with our own. Many childhood hours were spent sitting on the floor before the TV set watching *The Wonderful World of Disney* and being transported to the Magic Kingdom. Nor has either of us forgotten the thrill of seeing *Peter Pan* for the first time.

As a young father introducing my own children to the film, I [Bill] marveled at its ability to rekindle the emotions I had initially felt as a six-year-old. Disneyland, too, had much the same effect the first time I visited some 25 years ago. Not surprisingly, my then three-year-old son didn't want to leave, and, I might add, I felt a little bit that way myself.

In this instance, though, I was captivated by much more than the fabulous attractions. Viewing the park through the eyes of an industrial engineer, I was thoroughly intrigued by the processes. How did the Disney people manage all those crowds? How did they train their employees? How did they run their customer service? What was the secret of the success of their complex technology? I came away from that first visit deeply impressed by the organization—and with a lot of questions.

As for me [Lynn], *The Wonderful World of Disney* was one of the best things about being a child. Later, when I became heavily involved in the field of training and development, I realized the true magic of Disney's philosophy. For me, the seed for benchmarking Disney was planted when I took a copy of *Service America* with me on a trip to Florida in the mid-eighties. I knew it would help prepare me to conduct an upcoming seminar for a group of salespeople from all over the country. Reading Albrecht and Zemke's book, I had one of those experiences when a light goes on in your head: Walt Disney insisted that every employee is the company in the mind of the customer. From that point on, my goal in training salespeople became to inspire them to begin living that mind-set. Then, on my next trip to Disney World, I closely observed the best of the best in action, doing just that.

Years later, when we started looking around for companies that could serve as examples in our consulting business, we found ourselves coming back again and again to Disney. A great deal of scrutinizing, analyzing, and researching of various companies led us to conclude that none compared to Disney in every aspect of running an organization. Whereas one company might excel in customer relations or another might work well with its suppliers, Disney's consistency in direction and overall strategy, its unrivaled customer service, its employee training and related low turnover, its product creativity, and its spectacular profitability combined, in our view, to make it the perfect business model.

Having studied the Disney phenomenon for 20 years, we are convinced that the management techniques we call "Walt's way" are as valid today as they were in 1937, when the classic *Snow White and the Seven Dwarfs*, the very first animated feature film, captured the hearts of moviegoers. Skeptics need only look to the spectacular successes the Disney Company continues to achieve year after year, decade after decade, for affirmation of Walt's way.

And if you're wondering whether the Disney magic has legs, we can answer with a resounding yes! Over the years, we have encouraged clients in many different industries to use

Walt's fundamental credo to improve their customer service, productivity, and internal operations, while at the same time creating an atmosphere of fun. The company that Disney founded has, in effect, served as a laboratory for us and, in turn, our clients.

This chapter introduces the ten principles at the heart of the Disney legend. Subsequent chapters then take up these principles in detail and show how they are still being lived at the company today and how some of our clients have adapted them to fit their specific circumstances, enabling them to create winning solutions. Their success stories attest to the continuing power of Walt's way.

## BENCHMARKING A LEGEND

Like many other young men of his time and place, Walt Disney held a succession of jobs punctuated by stints of formal education. His skill as an artist and his interest in cartoons took him to California in 1923, and only four years later he formed Walt Disney Productions. Disney's first big success came the following year, in 1928, when he introduced the character of Mickey Mouse in the synchronized sound cartoon *Steamboat Willie*. The cartoon and the mouse were an instant hit.

By the 1930s, this endearing little scamp had captured the hearts of audiences worldwide. Known as Michael Maus in Germany, Miki Kuchi in Japan, and Miguel Ratoncito in Spain, he even had a car named after him! When Fiat, the Italian automobile company, produced its first small car shortly after World War II, it was christened *Topolino*, Mickey's Italian nickname. Even though Mickey became a senior citizen a few years back, his ageless persona continues to be recognized and loved by young and old on every continent.

Mickey may have led the parade, but Disney was not a one-mouse band by a long shot. No other company in the notoriously chancy entertainment business has ever achieved the stability, phenomenal growth, and multidirectional expansion of Disney.

In spite of its ever-increasing reach, however, the Disney Company has consistently kept to the central course described by its founder at the outset: to provide the finest in family entertainment. Firmly grounded in Walt's innate sense of principle and his midwestern values, this mission has, over the years, become clearly associated with the Disney brand. Audiences expect it, and they are seldom disappointed.

Whatever form the entertainment might take—a theme park ride, a Broadway musical, an Ice Capades production—it has to be a good show in every regard. When Walt talked about delivering “the good show,” he didn't mean simply a glittering spectacle relying on superficial bells and whistles. He meant an entirely original, perfectly executed production with substance, one created to delight a wide audience. He believed that this was what customers wanted and expected from him, and he was fanatical about providing it.

What's more, the concept of a good show encompasses far more than the on-stage action in a single production. Because Disney insisted that customers be treated like guests, great customer service has become a standard feature of the total package the Disney Company offers. And wrapped up in that package is a gift of creativity—in product, service, and process—that makes even jaded adults smile with child-like delight.

Accomplishing such magic obviously requires the contributions and assistance of a talented, dedicated, and loyal staff as well as an army of suppliers and other partners. Extensive training, constant reinforcement of the Disney culture and its values, and recognition of the valuable contributions that employees and partners make combine to keep people turning out one fantastic show after another as they strive to meet the exacting standards Walt established.

It is this consistency of direction, obsession with customer service, commitment to people, and creative excellence that make the Disney Company a standard by which others might be judged and an exemplary enterprise from which others can learn.

## A CONSUMMATE DREAMER

Walt Disney was so successful as a businessman that people are often startled to learn that he was a lifelong dreamer who started out as a commercial artist. But it was precisely his unfettered imagination, coupled with a bent for experimentation, that propelled him to the pinnacle of success. Far from being a hindrance, dreaming was the wellspring of Disney's creativity.

The story is told that as a schoolboy in art class, Walt was assigned to draw flowers. In what might now be seen as a quintessential touch, and, indeed, the precursor to many of Disney's animated characters, young Walt embellished his work by sketching a face in the center of each flower. His teacher was less than impressed by the boy's deviation from the norm, and lacking a mirror like the one the wicked queen had in *Snow White*, failed to recognize the creative genius whose dream world would make him one of the most famous artists in history.

Perhaps because he himself was the greatest of dreamers, Walt encouraged both his artisans and his hundreds of other employees to unleash their imaginations too. He knew that a reservoir of creative power often languishes within a company's ranks simply because no one ever bothers to tap it. Rather than hire someone for one specific purpose and forever pigeonhole that person—as is the norm at too many companies—Disney not only welcomed ideas from all of his employees, he actively sought to turn them into reality.

From dreams spring ideas, and from ideas comes innovation, the lifeblood of any company. Walt Disney instinctively knew, however, that an unshakable belief—in one's principles, in one's associates and employees, and in customers—is necessary before ideas can successfully evolve into innovation.

No matter how ingenious an idea was, no matter what kind of financial interests were at stake, Disney demanded that the company adhere to his belief in and commitment to honesty, reliability, loyalty, and respect for people as individuals. Whether he was producing a cartoon or building an amuse-



ment park, he refused to palm off a shoddy product on his audience.

When *Pinocchio* was released in February 1940, *The New York Times* hailed it as “the best cartoon ever made.” But *Pinocchio* had a difficult birth. The story of the puppet-maker Geppetto and his “son” Pinocchio, the all-but-human puppet he created, was six months into production, and the team of animation artists was almost halfway through its meticulous, time-consuming drawings for the full-length feature when Walt Disney called a halt. Pinocchio was altogether *too* wooden, he said, and the character proposed for Jiminy Cricket made him look too much like, well, a cricket. Never mind that \$500,000 had already been spent, Disney was not deterred. Previous efforts were tossed aside, and Disney called Ward Kimball, one of his talented young animators, into his office.

Kimball, who was upset because his labors on *Snow White* had ended up on the cutting-room floor, was planning to use the occasion to resign when Disney summoned him. But the animator never had a chance. He got so excited listening to Disney talk about his dreams for the film and his ideas about Jiminy Cricket that Kimball entirely forgot his own intentions of resigning. Instead, he stayed at the company and went on to create a cricket that was more human than insect, one that embodied the spirit of hope which children of all ages possess but which sometimes needs reinforcing.

The decision to halt the production of *Pinocchio* was made because the movie was failing to live up to one of Walt Disney's principles, his insistence on excellence. At the time, Disney already had won worldwide acclaim. He probably could have let the film go as it was without doing any serious damage to his company or his reputation—and with substantial savings. But Disney recognized the difference between adequate and excellent, and he would not compromise.

That's not to say that Disney was a spendthrift. Quite the contrary: He was always acutely aware of the bottom line; he simply refused to let it dictate every decision he made. “Why should we let a few dollars jeopardize our chances?” Walt once wrote to his brother Roy.<sup>1</sup> Before it was finished, *Pinocchio*