

Disney and strategic management

[Business](#), [Management](#)



It is also critically crucial because it performs as a guidance to lead session-makers and to motivate the staffs; working on fulfilling the common goal. It analyses the potential actions that could be taken when dealing with upcoming changes in the market and ensures that the organization is following the appropriate path. " Strategic plans are commitments made in the present for alternative choices for the often distant future" (Iceland, 2006) Gold and Campbell theory about parenting styles have identified three types of generic.

One of it is strategic planning, which is defined as the core competence to " drive important synergies and competencies, coordinates actions and links units together". From this, only few core areas will be concentrated to have a degree of expertise. By setting concrete goals and unified objectives, strategic planning looks at the organization as a complete entity and it aims in suggesting long term developments. What counts as long term depends on different businesses and the environmental constraints that the business is affected by.

Its content could be related to 3-5 year period of future development, which requires the goals to be sustainable and attainable. It significantly helps the company to improve communications (including inside and outside the company) and it promotes staff involvements and fosters communication. In this essay, I will be covering the implementation of strategic planning within a specific organization, which in this case is the Walt Disney Company.

To begin with, The Walt Disney Company is the world largest and diversified entertainment company. It is an American multinational mass media

corporation founded back in 1923, headquartered in California but also operates in over 130 countries. It comprises vast holdings including Marvel Entertainment, BBC, Pixar, Lucas film and the top sports TV network presence with ESPN. The business' purpose, its values and its boundaries are defined by the mission statement and accompanied by the formation of a vision for the future.

Depending on the type of the organization (public, non-profit or profit) the techniques might differ. Nevertheless, it still consists of principles which are inevitable in any cases. One out of those is an approach of making an organization to be aware of its internal environment, where strengths and weaknesses are deducted and it examines all the aspects of external environment, where opportunities and threats are identified. By recognizing these four critical components, we anticipate the primary steps towards creating a strategic plan.

This will help the organization to be mind-prepared and make adjustments in its operation system. INTERNAL ENVIRONMENT comprises three main areas which are approaches to management, organizational structure and the key functions within the organization. Regarding the approaches to management, there are also three different types. Firstly, it is what is called the classical approach; it is exceptionally referred to Taylor's and Weber's theory of scientific management and bureaucracy - in which the importance of productivity, authority and specialization are stressed as the major key factors for a successful management.

The second one is the human relations approach, in which the importance of the people is highly emphasized. A key to accomplish effectiveness is what Elton Mayo would refer to "management of people". In other words, organization offers its employees greater support, a share of decision-making and whereby they receive trainings and promotions as well. Last but not least is the systems approach, it sees all the inputs in the company as systems and subsystems interrelated to one another.

Therefore, the organization has to pay particular attention into the interactions between those components (people, technology, environment) because as "changes occur in one part of the system these will induce changes elsewhere" (Worthington, 2009). Thus, there is no single right approach to tackle all the situations happening within an organization. A combination of bureaucratic and loose management method could all be possible. More specifically for Disney, as its mission and vision lies towards innovation and creativity, hence, a human relation approach is clearly finest.

On the subject of organizational structure, businesses can be classified into different categories, ranging from functional, and organization by product or service, divisional to matrix and project teams. Given the large amount of acquisitions and vast diversification, Disney is a multidimensional company. This means the organization is "split up into a number of self-contained However, there is also flexibility. Disney no longer sells its movies the old fashioned way but instead sell on different platforms, consolidates the marketing to a specific executive so only a single team handles theresponsibilityrather a multitude of divisions.

Porter's five-force model claims that an organizational structure strictly depends on: current competition, potential competition, the threat of substitute products, the power of buyers and suppliers. Disney is currently facing competitions with other large conglomerates which are News Corporation, Trademarks Animation, SKI, Victim, Time Warner - all developing in the media field. However, the organization has developed for many years its brand image and power, created distinctive niche in the industry which results in very high barriers to entry and to exit.

It dominates the family entertainment market so it is extremely hard for any other corporation to operate at low-cost strategy and providing product differentiation at the same time. Disney spends a vast amount on capital investments, Research and Development schemes. The bargaining power of customers for Disney is relatively high since it requires a high number of customers to keep its business running effortlessly. The power of suppliers is not a big issue for Disney because of its size and its large volume of demand for unique and differentiated products.

In terms of substitutes, although cartoons, motion pictures, animations could be penetrated by other competitors but Disney has set its ceiling price so this will unlikely to be a threat. Porter's strategies have their downside of being heavily rooted towards Western/American ways of operating. However, in the case of Disney as it is an American company operating mainly in America. This approach is well significant. EXTERNAL ENVIRONMENT consists of outside factors which affect the organization and consequently the strategic planning.

The PESTLE analysis enables to understand the big picture or so called the external environment. PESTLE stands for political, economical, social, technological, legal and ethical respectively. P - Political environment, this consists of government intervention, arrest structure and behavior. Being a multinational organization, Disney has to cope with different political constrains in different countries, whether these authorities have favorable or harsh regimes. The stability of the government and how it might change in the future all affect strategic planning. This can greatly affect their decision on which best strategy to use.

E - Economical environment, this is one of the most impacting outside factor to consider as the economy is unlikely to remain the same. For example the credit crunch and global crisis in US in 2008; Disney's venues are highly dependent on the US and Canada and they mainly operate in these places, the downfall influenced Disney at a huge extent. Factors such as exchange rates and inflation in other countries can also cause risks in setting a valuable strategic plan. Disney has one of its Resorts and Disneyland in Japan, where it has been experiencing high appreciation in its exchange rates for several years.

S- Social-cultural, this includes population, culture diversities, lifestyle and welfare. The population can affect the labor force but it impacts even greater on the demand. For example the ageing population might suggest a drop in the demand for Disney's products and services (toys, comics, TV programs). The lifestyle and social-classes may suggest if people are capable of traveling or go frequently on holidays or even pattern of what products and

services should be included in the strategic planning. Disney implies globalization strategy to shape influence amongst cultures.

In other words, it includes many cultures and ethnicities in its movies and animations, for example England - Peter Pan, Arabia - Aladdin, China - Mulan, Africa - Lion King... Etc. Besides, Disney is both centralized and decentralized - makes it more diverse, people can recognize all of the characters, but depending on whether it is operated, there are local market conditions changed, for example languages and promotions of one country culture. Technological advances are the greatest concern for Disney's strategic planning in recent years.

Due to "high speed connectivity, sophisticated gaming techniques, efficient hardware compatibility" (Market Line, 2013) as well as rising popularity of smart phones and tablets, Disney had a positive outlook towards the gaming markets and therefore it shifted its production strategy. Nonetheless, Disney also seeks to acquire and to venture with largest software and media providers in emerging markets such as in India and in China to enhance its position in the marketplace. However, technological fast-growth could also lead to increasing piracy, unauthorized and illegal distribution of programs.

This could reduce Disney's revenues and should be taken into consideration in the strategic planning process. Legal could involve business laws and regulations, i.e. Contracts, property, agency. It revived "regulatory environment and one which provides a considerable degree of certainty and stability to the conduct of business both within and between democratic states" (Worthington, 2009). Especially in the case of Disney, it encompasses

BBC family, the ESP.; it operates Resort in Florida and California, Spa and Vacation Cruises in Hawaii; it owns interests from Disneyland in Paris and Japan.

All of these have to work under the legal framework where laws and contracts are set. E - Ethical consists of issues which are not covered by law or government's regulations; there is practically no definite agreement on what is considered to be the right or the wrong behavior (whether it is within or outside the organization), it addresses behavior in a moral sense. For multinational organizations such as Disney, there is existence of greater scrutiny by a number of various groups of stakeholders as they stress the importance of larger firms to behave in an ethical and ecological manner.

There are a number of issues relating to strategic planning. First to consider is the cost of constructing a strategic planning, for larger companies - it might be easier to hire a strategic planner or a consultant; this is less favorable for small or medium companies. For example, Disney's original mission statement and vision were the same " To make people happy', however, now they are separated and the mission became a lengthy constructive statement which is shaped by professional consultants.

Furthermore, for it to be a successful implementation in the future, the strategic planning needs to be flourishing; this process is extremely complex and challenging, it inclusively requires high expertise in many aspects (from analytical skills to creativity and innovations) and it is time consuming. A strategic plan is formed by a precise analysis of all the internal and external factors. It requires a great deal of time, due to technological and economical

changes. A lack of inadequate and updated information of the market could predominantly lead to mistaken judgments followed by incorrect decisions making.

Besides, the action steps are not fully defined in details. Considering the example of Disney, there is no single strategic plan as the organization operates in a number of countries where those factors differ from one country to another. Additionally, strategic planning has a tendency to be bureaucratic in its decision-making process. Line managers are not involved. In the context of Disney, in initial terms, Disney's top managers were "following financial rules that did not lead to innovative strategies", the strategic planning office was increasingly bureaucratic and the organization itself was made up of different layers of hierarchy.

Managers were sifting through ideas suggested by different divisions and only presented to the CEO the ones they perceived to be correct. Disney has promptly taken actions to solve that issue by "dissolving the office and reassigning its managers to Disney's different business units" (Thompson and Strickland et al. , 2008). This as result feasibly improved company's performance as it promoted flexibility, commitment and eliminated a layer of "strategic planning bureaucrats".