

Artical

Finance



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23rd June Question According to the article, Michael Eisner is not genuine in his relationship with the Ovitz. This is indicated by the statement that Eisner made in December 13, 1996 that indicated that he missed the Michael Ovitz creativity and good leadership skills. However, when Ovitz disclosed the fraudulent use of funds and high compensation after his termination, Eisner terms him as incompetent and a psychopath. Additionally, Eisner refers Ovitz as someone who is not trustworthy. Ironically, when he appeared in Los King Live, Eisner denies there were no problems between him and Ovitz. Another notable characteristic of Eisner is that he emulates dictatorial leadership style. For example, he consolidated his power by isolating board members in order to weaken them (James 88). Similarly, Eisner embarks on stripping the directors of their functions once they seem to ask question regarding his leadership techniques. Based on the high compensation that Eisner is exposed to and conflict of interest within the board of directors, the CEO seems not to provide good leadership strategies that may jeopardize the operations of Disney.

Question 2

Walt Disney Company financial position is negatively affected by the management practices adopted by Michael Eisner. Instead on paying the shareholders significant dividends, the CEO only increases his compensation at the expense of shareholders. As a result, Walt Disney is viewed as a company that does not engage all the stakeholders in its activities despite the quality products it produces. In terms of internal business processes, the CEO seems to interfere not only with the business activities but also with the management. By not allowing directors to undertake their duties freely, the CEO hinder business processes thus affecting the profitability of the

company. As indicated by a balanced score card, a key perspective is learning and growth. This covers the way a company innovates, creates value and improves its performance. Even though the company has adopted modern designs in its premises, through the support of Robert Stern, one of the directors, Walt Disney does not provide ample opportunity that would allow the directors to come up with new products. In addition, the company shares seem to perform poorly since Eisner took the office as the CEO.

Works Cited

James, S. How Disney's CEO turned corporate governance into a Mickey Mouse affair and reaped a \$565 million payday. New York: Simon & Schuster, Inc, 2005. Print.