Strategic briefing paper

Business

Strategic briefing paper Euro Disney The theme park Euro Disney, a Walt Disney Co subsidiary and Europe's top tourist attraction by visitor numbers and quantity of employees (fifteen thousand people), has stated about the falling of its attendance and hotel occupancy in the current year (Carnegy, 2014). However, its financial difficulties have started long before the statement and with the overshadowing popularity, the company has recently announced that it is facing a bailout by Walt Disney and it will take approximately twelve years to pay off its debt. In addition, a wealthy Saudi prince will bail out the struggling Euro Disney despite the following years of its financial losses (Sylt, 2014).

Analyzing the history of Euro Disney, one can draw connections between the financial issues of Euro Disney and its name, which its bosses were forced to change from Euro Disney to Disneyland Paris because people in Europe linked a word euro with business and finance. In addition, the company was also forced to overturn an alcohol ban as French admired wine and thus, it led to a huge bank bailout in the 90s. The company had also difficult relations with its staff, which protested against a payment freeze and went on striking and marching through the park that caused the first ever cancellation of the famous daily parade (Losing the magic: How Euro Disney became a nightmare, 2010). One of the ways out of such complicated situations is the proposal about recapitalization in order to improve Euro Disney financial position. It will also enable the company to continue making investments in the resort thus increasing the guest experience. In addition, shareholders will have the opportunity to purchase shares issued in the debt conversion and the companys debt will fall taking Euro Disney's balance sheet from a negative to positive equity position. Disney finance director states, that such operation will strengthen Euro Disney, not de- listing it from the stock market (Holton, 2014).

For Disneyland Paris it is essential to formulate a new strategy by setting fresh goals and values, search for the new resources and capabilities, and revise the company’s structure and system. For this purpose, the company should understand how its current structure drives competition, whether it is a changing customers’ demand, changing prices or certain technological change. With the help of diagnostic strategic capability that may be performed by means of value chain analysis or SWOT analysis, the company would consider the development of its availabilities. Besides, the company can develop new corporate strategy directions, which will enable it to increase the range of services and products, enhance share of current markets, allow focusing on the current markets and concentrate on the more valuable products within the existing activities. What should be also done is the development of alternative approaches and managing risk. However, here it is important to think over innovation of product rather than innovation of process. For Euro Disney, the organic development would sound clearer, as it would allow pursuing its strategy by building and developing new organization’s capabilities with the enlargement of knowledge and learning of its staff, easier financing of investment that will be spread over time and strategic independence.

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