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## Nine Principles of Walt Disney's Success

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*Time Magazine selected Walt Disney as one of the top 20 "Builders and Titans" of the 20<sup>th</sup> Century, in good company with people like Henry Ford, Sam Walton, Thomas Watson Jr., and Akio Morita. For those to whom the name Disney connotes Mickey Mouse and children's cartoons, this will come as a surprise. But to those who know that Walt Disney was maverick individualist who brought paradigm-shifting innovation to everything he touched, the choice seems obvious and just.*

*In this adaptation from my in-depth essay "Walt Disney And His Business Philosophy In Action" (at <http://www.tspg-consulting.com/essays.htm>), I identify nine principles that guided Walt Disney from being a self-confessed second-rate animator to becoming an American business titan.*

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Walt Disney was, first and foremost, a dreamer, a visionary, and an artist. He was tied to this world with a romantic sense of life that was overflowing with unbounded optimism about the potential of man and mankind's future. But over a period of about 45 years he proved his talent for understanding the spirit of a nation (and perhaps the world) and delivering products and services that could inspire the human imagination



with the awe and wonder of what could be if we set our hearts and minds to achieving positive results.

His persona combined nostalgic sentiment for the value and fellowship of small-town America, with dreams of the potential for modern science and technology to enhance our lives and way of living. He saw himself as an innovator, filmmaker, storyteller, showman and educator, and made it

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his mission in life to create family fun in his own unique way. He also saw himself as a cheerleader for hard work, rugged individualism, optimism and dream fulfillment, and the greatness of America (Disneyland was originally designed as Walt's tribute to, and celebration of, America).

Walt was the creative force behind the business and the studio. He saw it as his job to establish the vision and corporate culture, create marketable ideas, and lead his staff through the creative and product development process to deliver something unique to consumers that they would value.

Throughout his career, Walt's way of doing business is clear, as he intuitively follows a classical marketing approach. It starts with the identification of a consumer need and a definition of a market that corresponds to his own personal ambitions and values. In each case – from selling cartoons to independent movie houses, to the addition of sound and colour, to creating a cartoon feature film, to developing a new type of family park, to rethinking the design of towns to address human needs – the challenge is clearly defined: a vision is created as a means to communicate the benefits; leadership is exhibited to create excitement, commitment, and buy-in; and a

process is put in place to develop and deliver value to customers and investors. And for Disney, each new dream is always bigger and more complex than the last one.

Here are the nine general business principles that Walt Disney ascribed to and held consistently over his career.

### **1. Know What You Value and Why**

Walt operated his life and his business with a clear purpose and vision. "My business," he once said, "is making people, especially children, happy."

He also lived with a clear set of values that he set out to achieve and bring to others in the form of his commercial offerings. His foundational values were what he called traditional American values, and included "liberty and justice for the individual" and other ideals and values that "our forefathers...shed their blood for...."

For Walt, values weren't just vague abstract notions. With his active imagination, he was able visualize the end results he desired and the actions required to achieve them. He also had an intuitive sense of the moral values required to lead a purposeful, happy and successful life. Walt pursued his values in a manner that attracted the best and brightest in

### **Walt Disney's Nine Business Principles**

1. Know what you value and why
2. Demonstrate the courage of leadership
3. Strive for perfection and don't compromise quality
4. Money is a means, not an end
5. Exceed customer expectations
6. Create valued experiences through business design
7. Minds create value so treat them with respect
8. Let creativity work for you
9. Think deeply and from all directions



the business to want to work for him, learn from him, and contribute under his leadership to the creation of those values. Walt's values became reflected in the operating culture of the company, and were eventually codified informally and became known as 'the Disney way.'

When Walt's brother, business cofounder, and then chairman of the board, Roy O. Disney, was asked to comment on the secret to the company's incredible success, he answered: "It's no secret. We've always tried to manage by our values because when you know what your values are, decision-making is easier."

Management by values was, in the end, the secret ingredient of 'the Disney Way.'

## 2. Demonstrate the Courage of Leadership

From very early on in life, Walt demonstrated his leadership. He held very definite ideas and values and pursued them vigorously. He applied his own thinking and followed his own conclusions. He was able to communicate his vision and inspire others to follow him in pursuit of his dreams and their own ambitions.

Walt operated on the premise of exchanging value for value by appealing to the rational self-interest of all parties. When he didn't like the rules other people played by, he walked away and created new rules that conformed to his values and suited his needs. He cooperated with others who felt they could benefit equally by cooperating with him.

Striving to live his life by a set of moral values consistent with the pursuit of his own rational self-interest provided two key bene-

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fits to Walt. First, it allowed him to make decisions and to act with the confidence and assurance that his actions were appropriate and consistent with the requirements of his long-term success (and therefore, that he didn't act in self-destructive ways that undermined his own self-esteem and the esteem of others). Second, as a by-product of his conscious efforts to create alignment between his values and his actions, he was perceived by others as a man of high personal integrity, a virtue that is a necessary component of effective leadership.

Walt believed that courage was an integral component of leadership: "Courage is the main quality of leadership, in my opinion, no matter where exercised. Usually it implies some risk – especially in new undertakings."

Walt also understood that leadership required skill at organizing people and processes and coordinating work and resources. This was a component of leadership Walt appears to have taken very seriously, and to which he and his workforce excelled.

## 3. Strive For Perfection and Don't Compromise Quality

Walt Disney was a perfectionist in the best sense of the word. He set the standard for quality high because he knew that high standards are achievable and are a demonstration of moral virtue. But he didn't just leave matters to chance or to the whims of others. He defined the attributes of the standards he demanded, and he took into account both the cost of achieving



those high standards and the cost of failing to achieve them.

Walt Disney believed that operating to the highest quality standards was good business because it promoted the creation of long-term value, and yet it was a standard that very few others in his business accepted as valuable and dared to achieve.

Throughout his career, Walt had to fight against his accountants, bankers, coworkers, family and friends to maintain the integrity of his high standards. Quality and integrity to his own values and those of his customers – i.e., “the public” – served as his guiding compass throughout his career.

#### 4. Money Is A Means, Not An End

When it came to money, Walt needed lots of it to finance his ventures, but he appeared not to be seduced by its mesmerizing mystique. For Walt, money was a means to achieving bigger and more meaningful ends.

Later in his career, Walt said he thought about money “only when I don’t have enough to finance my current enthusiasm, whatever it may be.” For Walt, money was just a means for financing new ideas – for transforming his dreams into reality.

Walt made money by being a perfectionist at delivering what he thought consumers wanted. “We’re not out to make a fast dollar with gimmicks,” he said. “We’re interested in doing things that are fun – in bringing pleasure and especially laughter to people...it’s proven it’s

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Creating a positive emotional customer experience was at the root of the Disney magic. To achieve it, Walt knew he had to create a highly controlled environment.

a good business policy. Give the public everything you can give them....”

Marc Davis, one of Disney’s key animators of feature films, recalled: “I was in Walt’s office

around the time he was starting Disneyland, and he was a little embarrassed, because he’d borrowed on his life. He looked out the window, turned to me and said, ‘I’d like to sell the property underneath the studio: We own all the improvements on it – we could lease them back. Do you realize the wonderful things we could do with all that money?’ ‘What we could do with all that money,’ not ‘I would be rich.’ I don’t think Walt ever cared about that; he was interested in what you could do.”

It appears that Walt took a much longer view of business than most, which provided him with a less constrained perspective of what it was possible to achieve in business and in life versus those who limit their options by insisting on measuring investment returns within arbitrarily short time periods.

#### 5. Exceed Customer Expectations

When Walt was running the company, he spared no expense to make everything he did the absolute best that could be done to achieve the results he envisioned. The desire to create a positive emotional customer experience was at the root of the Disney magic. But the magic can only be achieved in a predictable fashion if it is presented, in all its complex dimensions, in a highly controlled environment. Humans are drawn to perfection when their common experience is overly mundane.



They will reward with loyalty those who can create experiences that exceed their expectations. They will happily share their wealth with those who can do it consistently.

The unfortunate truth is that it's very difficult to satisfy customers. To do so is an immense achievement of the organization of people and processes. To have our desires satisfied – to experience perfection – is something each of us desires and something that can often provide immense – almost spiritual - satisfaction.

Those rare occasions when we do experience it directly can be attributed to the real heroic efforts of individuals, working together, with a common personal commitment to achieve a common result that we value highly.

Walt was extremely customer-driven. “Everything I do I keep a practical eye toward its appeal to the public,” he once said. He never accepted the notion that you can increase profits by foregoing quality. He held himself to very high personal standards from the start, and later recognized that the public expected high standards from the Disney brand, and that he had a personal obligation to the people who made him successful to meet those standards. Walt set his standards higher than his competitors dared, and higher than bankers, investors and accountants thought prudent.

## **6. Create Valued Experiences Through Business Design**

Walt Disney took great pride in thinking carefully about the best way to achieve the results he desired. He was open to considering the best ideas as determined by the opportunity

before him or the problem that needed to be solved.

The success of Disneyland began with consideration of the latest urban planning techniques and effect of human interaction with the surrounding environment. Walt took pains to design an environment that was both relaxing and refreshing to keep guests engaged in new and sensuously pleasant experiences.

Design aspects also pertained to creating a more efficient and effective working environment to achieve his guest objectives. Not only were landscapes and attractions designed carefully to reflect their function, so were business policies and processes. Very deliberate efforts and behaviours are required to produce deliberate results. This pertains just as much to the creation of service quality as it does to the creation of product quality.

The best processes are those that customers experience as right and reasonable. But they also have to make sense from the perspective of the employees that have to implement them. Well-designed business policies create boundaries of accountability for employees and make their work personally meaningful. They provide guidance, a sense of purpose, and a standard by which to measure achievement and earn a sense of pride.

Walt knew the importance of designing the guest experience into the product or service to create maximum value. He did it in his films, and he did it in his parks.

To create highly satisfied customers demonstrates an immense achievement of the organization of people and processes.

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## 7. Minds Create Value, So Treat Them With Respect

From the time Walt started his first business he set out to create a family atmosphere for those who worked with him. Walt understood that he needed the ideas and cooperation of his staff to achieve his goals.

Walt created a workplace atmosphere that was fun and filled with good humour and internal friendliness. This culture of respect for people and the attributes and values that promote benevolent creativity was a key unarticulated aspect of what we would today refer to as the Disney brand. Whether by serendipity or design, the playful work environment nurtured by Disney was necessary to create a strong external friendliness that universally appealed to audiences. As one Disney writer commented, “No one can create the kind of friendly entertainment product we demand in a formal, unfriendly atmosphere.”

To help his animators achieve the results he wanted, Walt encouraged his artists to improve and develop their skill and began to offer evening art classes in life drawing and action analysis at the Disney studio. He also established the Disney University after opening Disneyland, in order to provide a structured learning environment to teach the unique skills required to be a cast-member and create the desired customer experience.

Walt cared for his people and did his best to take care of them. According to his brother

The playful work environment nurtured by Disney was necessary to create a strong external friendliness that appealed to audiences.

Walt was both a dreamer and a planner. “He would dream, dream, dream, but then he would come back to reality.”

Roy, “Walt demanded a lot of people, but he gave a lot, too. When the depression hit, and it looked as though we might have to close the studio, Walt gave everyone a raise. Some thought him crazy, but it gave morale a big boost. He hated to fire anyone, and if someone didn’t work out in one job Walt would try to find a niche where he was better suited.”

Walt said: “You can dream, create, design and build the most wonderful place in the world, but it requires people to make the dream a reality.”

## 8. Let Creativity Work For You (Have You Checked Your Dreams Lately?)

Walt Disney was extremely creative in ways that most business practitioners are not. But he also understood that freewheeling creativity without imposed structure and applied discipline had little value. For this reason, Walt was not only a dreamer, but also a planner. “In fact,” writes Disney historian and biographer Bob Thomas, “Walt never entered any project without meticulous planning.”

One could say that Walt dreamed with both feet planted firmly on the ground. On reflecting back upon Walt’s life, Roy said: “He was a practical guy. He would dream, dream, dream, but then he would come back to reality. The main thing was to get the job done. He would try for the utmost, and then he would retreat to a position he could handle.”

## 9. Think Deeply and From All Directions

Walt often spoke in interviews about how much time he spent thinking about and devel-



oping his ideas. Often he would reflect on them for years, building, refining, adapting, sharing them with others, incorporating input, feeding his mind, and eventually creating truly big, hairy, audacious goals.

Walt's time horizon, as he progressed through his career, kept getting longer, allowing him to plan larger, more complex projects. He dreamed about the future, and then thought deeply about how to connect his vision with the reality of the day in a very practical manner. He was involved in all aspects of the business, but he never allowed himself to be immersed in day-to-day fire-fighting. Instead, he was leading and inspiring his artists, Imagineers and executives to create the future, while at the same time negotiating with business partners, industry leaders, and governments, to clear the path to achieving his goals.

To do this effectively, Walt had to consider the impact of his work from many perspectives. Walt used a number of concrete methodologies, including sketches, 'storyboards' and the creation of three-dimensional mock-ups, to develop a critical understanding of his ideas and to communicate them to others. The conversion of ideas to reality was never a flight of fancy for Walt; he thought long, hard, and carefully about the practicalities of achieving his ends, and was very inclusive of

Walt had to consider the impact of his work from many perspectives. The practicalities of every project was studied and thought about carefully. Walt was very inclusive of those who could contribute ideas and insight.

the artists, designers, and engineers who worked for him. Walt said it this way: "When we consider a new project, we really study it – not just the surface idea, but everything about it. And when we go into the new project, we believe in it all the way. We have confidence in our ability to do it right. And we work hard to do the best possible job."

### **Leading The Walt Disney Way**

Walt Disney proved through his life-long achievements that each of us as individuals can act alone and together to build a world of Disney-like quality and qualities. We have the ability to think, to choose, to create, and to innovate, and we have the means to develop shared values, shared visions, and shared successes, for the betterment of ourselves and mankind, within the framework of a free-market society.

In a century filled with the horror of two World Wars and the demonstration of the terror that technology could unleash, Walt Disney stood as a beacon of joy and optimism, and living proof to his generation and the next that business and technology can be, and should be, fulfilling the desires, dreams and values of all people, everywhere. Walt took it upon himself to assume this leadership role, as "uncle" to the world, and the world was, and is, a better place for it.



*About*  
**The Strategic Planning Group**

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