BOB IGER

TEACHES BUSINESS STRATEGY AND LEADERSHIP

INTRODUCTION

"Success is boundless."

Success is boundless. It sounds like a famous-last-words-type claim, but if anyone has the cred to make it, it's Bob Iger, Chairman and CEO of The Walt Disney Company. Just look around you. This is an era in which Disney films command more than a third of the U.S. box office—when history's (current) highest-grossing movie of all time, *Avengers: Endgame*, is a Disney property (which matters little now that the previous record holder, *Avatar*, is also owned by Disney, thanks to the company's acquisition of 21st Century Fox, the fourth in a series of acquisitions that have taken the company to unprecedented heights). Via careful brand management, a brilliant acquisition strategy, and an eye on the future, Disney is turning profits like no other entertainment company in history—and the company's rise over the last 15-odd years coincides exactly with the tenure of Bob Iger.

A onetime TV weatherman, Bob landed a job at ABC in 1974 and steadily worked his way up the ranks of the network, mostly in the sports division, before becoming head of ABC Entertainment in 1989. An unlikely fit, Bob was, per a *New York Times* report at the time, "largely unknown to the creative community in Hollywood that supplies most prime-time television programs," yet he excelled by sheer commitment, humility, and a willingness to learn. Five years and a few rungs up the corporate ladder later, he became President and Chief Operating Officer of ABC's parent company, which was purchased by Disney in 1996. Bob was promoted to President of Walt Disney International in 1999, then to President and COO of The Walt Disney Company as a whole in 2000. In 2005, Bob was selected to succeed Michael Eisner as CEO of Disney, and in less than a year he had mended a fraught relationship with Steve Jobs (more on that later), acquired Pixar Animation Studios, and begun a wholesale transformation of not just Disney, but the entertainment industry as a whole. There were missteps, certainly—and Bob will cover those—but in a relatively short amount of time, that "boundless" success Bob talks about actually began to look attainable.

RECOMMENDED READING

The Ride of a Lifetime: Lessons Learned From 15 Years as CEO of the Walt Disney Company
by Robert Iger

The Big Picture: The Fight for the Future of Movies
by Ben Fritz

The Disney Way: Harnessing the Management Secrets of Disney in Your Company
by Bill Capodagli and Lynn Jackson

The Movie Business Book
by Jason E. Squire
(available December 19, 2019)

RECOMMENDED VIEWING

Waking Sleeping Beauty
directed by Don Hahn

The Pixar Story
directed by Leslie Iwerks

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All of which is to say: You're about to embark on a class with Earth's mightiest media mogul (he's been ranked the most powerful person in entertainment by *The Hollywood Reporter* multiple years in a row). Disney's annual net income has increased more than 400 percent under Bob's leadership, which makes him uniquely qualified as a mentor for leaders, self-starters, entrepreneurs, and any kind of visionary looking to take their business venture to new heights. And his wisdom is surprisingly intimate. Bob will walk you through his approach to acquiring multinational mass media corporations, sure, but he'll also get down to the brass tacks of what bold business leadership looks like on a character level: How do leaders handle risk and failure? How do they intuitively predict the needs of consumers? How do they negotiate like a literal boss (it involves way more vulnerability than you're expecting)? The tenets Bob teaches—the fusion of curiosity, creativity, and candor with an acceptance of risk and an ability to learn from mistakes—will carry you up the exponential growth curve to extraordinary business success.

Welcome to Bob Iger's MasterClass.

USING YOUR TIME EFFECTIVELY

"My job demands a lot of my time and energy, so I've adjusted my daily routine over the years to enable me to do my job effectively."

Work. Sleep. Leisure. Pick two.

That basically sums up the experience of being a business leader. Even doing *one* thing besides work can, at times, feel like a luxury.

But there's also a fourth component of a balanced life that cannot be neglected: stillness. Placing undue emphasis on busyness can rob you of the time you need to step back and process, and problem-solve creatively. That's an issue.

Bob is intent on incorporating this kind of quiet time into his routine, no matter the level of stress he knows he'll be facing later in the day. Deliberate stillness—combined with dedicated time for exercise, media consumption, family, and creativity—makes for an efficient day, even if it doesn't feel like every minute is being "used" productively.

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Structuring your time should be tailored to you and your own rhythms, but Bob's daily schedule can serve as a useful template for rethinking your approach to the day:

4:15 AM

Wake and exercise in solitude—ideally in a dim, serene place—while listening to music that facilitates a meditative headspace. Allow your mind to wander and wrestle with some of the challenges you may be facing. Don't pollute this time by allowing the minutiae of work to creep in; avoid looking at your email at all costs. Focus on the bigger picture, where you indulge in free-flow creative problem-solving. This is the time of day when you're at your most imaginative. Don't rush it and don't waste it.

6:30 AM

Arrive at work. If you're running the show, you should be the first one there. Be the one who puts on the coffee. Pour yourself a cup, and get the caffeine flowing.

For Bob, this early-morning ritual gives him time to settle in, set his intention for the day, and work out an agenda and list of goals for himself before he's overwhelmed by the needs of others. Whether you're already running a company or working your way up the ladder, the vast majority of your job is going to involve communication, so this alone time is a must.

4:30 PM

Head home early—or try to if you can (Bob has more control over his schedule than the average bear). Giving yourself a hard out means more time to nourish your relationships while you still have the energy. Spending time with people you love—whether that means grabbing dinner with a friend, working out with your spouse, or hanging with your kids before their bedtime—will center you in your priorities. Once you feel refreshed, take a few hours to tackle any work problems you've brought home with you. End your day by doing something pleasant and enriching but not directly work related, like reading a novel, journaling, or watching some TV.

EVALUATING THE DAY

So what qualifies as a "successful" day? You'll have to define this on your own terms, but start by thinking back on what you've accomplished in the last 24 hours. In your phone or a notebook, keep track of all of your wins in any given day, no matter how big or small. Looking back on that list will help you find a sense of satisfaction, even when it feels like your intention for the day got derailed.

02

LESS WORK OFTEN MEANS BETTER WORK

It can range from hard to seemingly impossible to extricate yourself from work (especially if you're the one running the company). But the thing about overwork is that it not only hurts you in the long run—increasing your chances of depression, diabetes, and heart disease—it also has the potential to hurt your bottom line. If you find yourself slipping into workaholism, your productivity and creativity will dwindle dramatically. Limiting your work to 40 hours or fewer per week increases efficiency, concentrating your total focus within a shorter span of time (fun fact: per a study from Stanford professor John Pencavel, working more than 55 hours a week kills productivity so much that doing work almost becomes pointless). "Too often, busyness is not a means to accomplishment but an obstacle to it," Alex Soojung-Kim Pang writes in *Rest: Why You Get More Done When You Work Less* (seriously, read it). Your brain needs space to play and rest, which in turn prepares you to come to work with a clearer head.

FOCUS, STRATEGY, AND PRIORITIES

A critical first step when you're honing the strategy of your company—whether it's a start-up in its gestation phase or an established business in need of refocusing—is to go buck wild. Seriously. When the time comes to brainstorm new directions in which you could grow, set aside space for a little no-holds-barred ideation sesh. For now, the sky's the limit.

Once you've explored the multiverse of possibilities, though, it's time to rein yourself in. At this stage, you'll want to develop a succinct list of priorities.

"You can only have three."

You can only have three priorities. That's what one of Bob's friends, a marketing and political consultant, told him, and it proved to be a solid idea. Any more than three priorities and your pitch begins to sag. Your vision for the company becomes muddled—to customers, to investors, to the board of your own company. For Bob, the three elements he decided to incorporate into his strategy for running Disney were:

- Invest most of Disney's capital in high-quality branded content (i.e., creativity).
- Use technology to make more compelling content and to reach people in more innovative ways.
- Grow globally, deepening connection to markets around the world.

Narrowing your priorities to three crystalline goals is half the battle. To sell your vision, you have to be able to articulate it efficiently to a wide variety of people. This will come naturally to some people and might require intensive practice on the part of others. No matter which camp you fall into, remember: This vision-setting phase isn't about *you* and how smart you are. It's about the people in the room—about you understanding *their* language and presenting your vision in terms most accessible to them.

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"You have to be able to articulate [your priorities] very effectively... over and over and over again."

Stating your strategies isn't a one-time thing. You have to become the living, breathing incarnation of your three strategies, and you must always be ready to explain how they apply to problems of all sizes. Sharp communication skills are essential: The better you can communicate your strategies verbally and in plainspeak (which is to say, not via email using corporate lingo), the more efficiently and effectively they'll be implemented. You don't want to be this Oz the Great and Powerful figure who hides behind a computer and urges their team to get pumped for synergistic approaches to workflow streamlining or whatever. You want to get in the room with your collaborators and tailor your vision to their actual workplace experience.

03

Another critical element of a good company strategy is feedback. Because, as much as you're the captain of your own ship, a major part of your job is allowing those around you to own the vision. Requesting feedback both emboldens the people who work for you and also brings invaluable insight—you need that boots-on-the-ground perspective to keep your vision calibrated.

This is why Bob, on a weekly basis, sits down with his direct reports over lunch to seek feedback and advice. It's a give-and-take session that, as he puts it, "emphasizes the need to not only be accessible...but also to have the ability to be candid in the dialogue." And this is where truth counts. You must create a culture where honesty and candor are encouraged. The more POVs you're able to tap into—especially when it comes to gauging where the market is headed and how your company should adapt to it—the better you'll be able to roll with the punches and thrive.

TAKING GIANT SWINGS: PIXAR ACQUISITION CASE STUDY

In the 1930s and '40s, the first wave of Disney animated features (*Snow White and the Seven Dwarfs*, *Bambi*, *Dumbo*, etc.) took the world by storm. By the '70s, it was clear that a shift in the type of content and storytelling needed to occur. The studio rebounded in the '80s and '90s with *The Little Mermaid*, *Aladdin*, and *The Lion King*. After a spate of successes, though, things went downhill yet again (*Atlantis: The Lost Empire* did middling business, and *Treasure Planet* bombed). By the time Bob took over as CEO in 2005 (in the wake of the disappointing *Home on the Range*), things were looking pretty dire.

> "I knew that my first priority in becoming CEO was to turn Disney Animation around. I also knew that if I didn't do that, my tenure as CEO was likely to be short-lived."

Bob immediately began searching for a talented team who could turn the ship around. It was clear that team didn't exist in house, so he asked himself a simple question: When it came to animation, who was doing it best? There was only one answer: Pixar.

Disney had been cofinancing, marketing, and distributing Pixar's features since the release of *Toy Story* in 1995—movies like *Finding Nemo* and *Monsters, Inc.* had far surpassed recent efforts in terms of both visibility and revenue. So he went to the company's board on his second day on the job and made an audacious proposal: What if, rather than trying to fix Disney's animation division from within, the company straight up bought the best animation studio in the business? That way, Disney could hitch its wagon to Pixar's rising star and, additionally, the guys running Pixar at the time—John Lasseter and Ed Catmull—could oversee Walt Disney Feature Animation going forward.

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Of course, buying Pixar meant dealing with Steve Jobs, the company's CEO and controlling shareholder. And things were tense with Jobs when Bob assumed command of Disney: Due to a very public clash with Bob's predecessor, Michael Eisner, over contract negotiations the year prior, Jobs had decided it was time for Pixar to break up with Disney after nearly a decade of splitting profits; the turmoil that led to that announcement left a bad taste in everyone's mouth. Jobs's personal feelings about Disney aside, there was also fear on the part of the board that Jobs would gain too much control over their company. Bob saw things differently—and this is where humility and the forfeiture of ego in service to the company came into play.

> **"If Steve Jobs could exert influence over Disney, even if it meant him ultimately running Disney, that would be great for the Disney shareholders. It was really less about me and more about Disney."**

04

Bob's for-the-greater-good style of thinking shows that bold business leadership isn't about self-aggrandizement and power. It's about removing any conflation of your own identity with the company you run so you can assess situations as objectively as possible.

So he did it (with the blessing of the board). He pitched Jobs the idea. Jobs was interested and reticently invited Bob up to Apple headquarters. There, the two men hashed out a pros and cons list. The primary fear on Jobs's end was that Disney would destroy Pixar's culture of total respect for the creative process and its commitment to telling wildly original stories. This weighty con, in addition to numerous others, seemed to totally outweigh the pros. But Jobs saw a way forward.

The path forward involved a careful preservation of Pixar's legitimately synergistic relationship between the tech side of the business and the storytelling side of the business. There was an impressive connection between the left brain and right brain as well as a general openness to imagination and inventiveness, and Bob knew he needed to keep those attributes intact. Per a 2010 Harvard Business School case study, a critical part of the deal for Bob was avoiding a "potential creative talent exodus"—he had to ensure that the master storytellers at Pixar stayed on after the acquisition. To mitigate the fear of corporate oppression, Bob assured Jobs from the get-go that Pixar's culture would be allowed to exist untouched, effectively sealing the deal.

THE ART OF NEGOTIATION

When it comes to dealmaking, one of Bob's primary values is efficiency. And his strategy for getting deals done quickly is being candid.

> "I typically like to put things on the table in a fairly candid manner, in a direct manner, and quickly."

To the novice, Bob might appear to be tipping his hand by being candid. But Bob believes that being up front with your needs is imperative. Not only does it save time by nixing the gamesmanship of negotiation, but it also gives the other party an opportunity to outline what *they* hope to gain from the deal. Bob's strategy means you have to let go of zero-sum-game thinking. Instead of seeing yourself as the winner or loser of a negotiation, you instead open yourself up to the ways both parties are benefiting.

For instance, when Bob first talked to Steve Jobs about acquiring Pixar, Bob was blunt about wanting to buy the company—not only that, but he explained *why* it was essential for Disney to do so. His honesty softened the negotiation, which in turn allowed for more authentic and efficient negotiating.

Bob approaches negotiations with the desired outcome in mind and tries to focus on efficacy and clarity of communication without letting his ego muddy the waters. The result has been an extraordinarily successful series of deals—the benefits of which, for The Walt Disney Company and its shareholders as well as for Bob, continue to compound.

CREATING BRAND VALUE

"The most important thing in terms of maximizing brand value or managing a brand is, first, to completely understand the essence of the brand."

What does Bob mean by "the essence of the brand?" Well, he's talking about the attributes of your brand that evoke specific feelings in the consumer and signal certain values. If a consumer aligns with your values and recognizes you as "one of us," your brand becomes a shorthand for those values in the marketplace. (Think of the way Disney unites generations by balancing novelty and nostalgia, or how Whole Foods aligns itself with wellness-obsessed consumers by highlighting organic and natural products.) Consumers, faced with myriad decisions each day, are able to cut through the noise by recognizing your brand and sticking with your product. They form an opinion about you once, and as long as you don't betray that trust, their familiarity with the brand simplifies their decision-making process.

So what are your brand's values—and what makes your brand valuable to customers? Now would be the time to pace around your living room with a dry-erase marker between your teeth and a blank whiteboard in front of you. Here are a few things that could be on your list of brand values:

- Commitment to sustainability and the environment
- Integrity and transparency
- An insistence on simplicity and efficiency
- A casual, fun sense of accessibility
- Interconnectedness—the feeling of welcoming consumers into a community
- An emphasis on progress, on providing a cutting-edge product

Once you've got a robust list going, ask yourself: Does every product under your brand umbrella embody these values?

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If not, you'll either need to rethink your unifying set of values or (more likely) adjust your products to universally support your brand. Once your products clearly align with your brand values, you're golden. Now you have the opportunity to extend that consumer goodwill into other realms, gradually widening the scope of your brand to be leveraged in a variety of arenas. For Disney, this means that a great story like *Frozen* becomes more than just a movie—the brand bleeds into the realms of merchandise, theme parks, music, live theater, and more. If you can do this with a collection of brands, as Bob has with Marvel, *Star Wars*, Pixar, Disney princesses, et al., needless to say, you'll be in great shape.

Until you're not, that is.

"Brand is a very, very careful balance between legacy, or heritage, and innovation."

Because brand is inherently value-charged, there will be times when the values of the culture shift and you'll have to adapt. In a changing world, stewards of healthy brands have to be on their toes, ensuring authentic relevance. We can spot disingenuity a mile away (hi and bye, Kendall Jenner Pepsi ad), so the secret here is actually recognizing how the values of your brand are pertinent to the values that consumers are currently prioritizing. To do this, you'll need to look closely at the heritage of your brand, recognize its essence, and then innovate ways to allow that essence to speak to the current moment. This can be tough—especially if it seems like you've already got a good thing going. But change is inevitably required in order for a brand to stay healthy (more on that in Chapter 9: The Importance of Risk-Taking). Blind adherence to the way things were done in the past—a sort of backward-looking traditionalism—can become a hang-up.

That's what Bob is talking about when he says that Disney's brand needed to be respected but not revered. What's the difference?

- **Reverence** insists that the brand remains frozen in time, replicating the structure of past success with diminishing returns.
- **Respect** recognizes the reasons a brand was valuable to begin with and brings those values forward, tailoring them to a changed world.

Optimally, you'll never fundamentally change your brand's values—think of Bob's example of taking Disney in an edgier direction in an effort to match changing consumer tastes, even if the move would be a fundamental betrayal of Disney's core brand values. By contrast, recognizing how some piece of the Disney brand can be amended to feel fresh while still remaining rooted in the original values—that's growth.

Bob uses the example of updating the archetypal Disney princess for the 21st century. To do this, he had to consider the core attributes of the more passive Disney princesses of Walt Disney's days—Snow White, Cinderella—and then ensure that those attributes remained intact while imbuing princesses like Moana and Anna with a spirit of independence. These newer princess movies—*Moana, Frozen*—reinforce the core values of Disney princesses without ever feeling stuck in the past.

06

EXPANDING YOUR BRAND: MARVEL ACQUISITION CASE STUDY

"When we acquire another company, we do spend time thinking about whether...the brand that we're acquiring is going to be an enhancement to the image of Disney and its brand or whether it's going to detract from it."

So, you're thinking about doing a brand acquisition. (Okay, maybe not *now*, but eventually.) Even if the possibility feels far-off, it's already time to develop deep enough familiarity with your own brand values (which you, of course, have down now, thanks to Chapter 6: Creating Brand Value) to know what you'll be looking for when that fateful day arrives. Bob will be the first to tell you that pulling the trigger on an acquisition is tough. You have to know exactly how the new brand will affect perception of your current brand. It requires crazy foresight.

Good thing you're learning from a master here.

When it came to considering the purchase of Marvel, Bob was faced with a dilemma: Did the Marvel brand enhance or detract from the Disney brand as a whole? On the one hand, given that modern superhero movies tend to be significantly more violent than typical Disney content, there was the peril of falling into the edgy pitfall—which would have amounted to a betrayal of the Disney brand. But upon closer inspection, Bob found that, on a core level, many of the values that defined Disney were also inherent to the Marvel brand. The trappings may have been different, but the essentials overlapped.

"There is a way to manage brands separately, respecting both and adhering to each brand's attributes while still under one company's brand."

Where the values *were* disparate (i.e., Marvel's slightly more adult themes), Bob believed the change would prove exciting to Marvel fans without necessarily reflecting badly on Disney. The gulf between Disney and Marvel wasn't unbridgeable, but, as Bob notes, the gap did necessitate a slight distancing between the two brands—Marvel wouldn't become "Disney's Marvel," but both could maintain an identity while existing side by side. The acquisition seemed like a clear win—and it was: Since Disney acquired the brand in 2009, Marvel has generated somewhere in the realm of $18 billion for Disney.

Of course, there were challenges. At the time of the acquisition, Marvel was making its own films, but those films were marketed and distributed by other studios (Fox, Sony, and Universal were all in on the action). Those studios wielded considerable control over the brand. When Disney bought Marvel, Bob focused on taking control of the company's characters (well, except for Spider-Man, the X-Men, and a few other stragglers that were still licensed out to other studios) to better steward the brand. By doing so, Disney and Marvel could then ensure a uniformity of brand values across a variety of assets—and by assets, we mean stories taking place everywhere from the subatomic quantum realm to the savannahs of Africa to the decaying corridors of a dead giant's skull in the farthest reaches of untamed space. The breadth and diversity of the Marvel Cinematic Universe is staggering, but each addition to the canon is innately recognizable as *a Marvel movie*—and that's the power of a brand.

Marvel has long lent its intellectual property to other mediums, frequently licensing out its superhero characters to television and toy companies. But the proliferation of comic book characters on the silver screen has skyrocketed in the last two decades. Marvel's modern-day domination at the box office had a fraught beginning full of misfires, but the tangled web of rights-sharing that resulted has been (mostly) disentangled over the last 10 years by Disney, where Bob has worked to bring many of Marvel's heroes back under one roof.

Marvel Cinematic Universe movies

Other Marvel movies

1986

Howard the Duck becomes the first Marvel movie to receive a wide theatrical release, and it bombs hard.

HOWARD THE DUCK

Domestic: **$16M**

Worldwide: **$38M**

1989

Millionaire Ronald Perelman's holding company, MacAndrews & Forbes Holdings, buys Marvel Entertainment Group for $82.5 million. "It is a mini-Disney in terms of intellectual property," Perelman says at the time. Eerily prescient.

1991

After three years of wild success, thanks in large part to the booming sales of *Spider-Man* and *X-Men* comics, Perelman takes Marvel public and sells 40 percent of its stock.

1993

Perelman sets up Marvel Films after acquiring 46 percent of Toy Biz, a company owned by Ike Perlmutter that manufactured Marvel action figures. Toy Biz CEO Avi Arad is appointed as the studio's head. The goal is to license out as many characters as possible.

20th Century Fox obtains the character rights to the X-Men and the Fantastic Four.

1996

Marvel Films is incorporated as Marvel Studios.

Dark times arrive for Marvel: The comics bubble bursts, with comic book stores dropping like Chitauri soldiers at the end of Marvel's *The Avengers*. Perelman files for Chapter 11.

1998

Perlmutter and Arad gain control of Marvel, ousting Perelman. *Blade* becomes the first movie packaged and licensed by Marvel Studios and the second Marvel movie to get a wide theatrical release. It stars Wesley Snipes and is distributed by New Line Cinema.

BLADE

Domestic: **$70M**

Worldwide: **$131M**

1999

Marvel licenses Spider-Man to Columbia Pictures, a subsidiary of Sony Pictures Entertainment.

2000

X-MEN

Domestic: **$157M**

Worldwide: **$296M**

2002

BLADE II

Domestic: **$82M**

Worldwide: **$155M**

SPIDER-MAN

Domestic: **$404M**

Worldwide: **$822M**

2003

DAREDEVIL

Domestic: **$103M**

Worldwide: **$179M**

X2: X-MEN UNITED

Domestic: **$215M**

Worldwide: **$408M**

HULK

Domestic: **$132M**

Worldwide: **$245M**

2004

Marvel Studios COO David Maisel convinces Perlmutter and Arad that Marvel needs to self-finance. Marvel takes out a $525 million loan from Merrill Lynch to make up to 10 movies over the next eight years, putting the rights to 10 Marvel characters (including the Avengers and Black Panther) on the line as collateral.

THE PUNISHER

Domestic: **$34M**

Worldwide: **$55M**

SPIDER-MAN 2

Domestic: **$374M**

Worldwide: **$784M**

BLADE: TRINITY

Domestic: **$52M**

Worldwide: **$129M**

2005

ELEKTRA

Domestic: **$24M**

Worldwide: **$57M**

FANTASTIC FOUR

Domestic: **$155M**

Worldwide: **$331M**

2006

The film production rights to Hulk, which were initially licensed to Universal, revert back to Marvel.

Arad resigned, handing off the reins to Maisel, Michael Helfant, and Kevin Feige. Feige is named President of Production of Marvel Studios. He begins to manifest his vision of an interrelated series of superhero films set within the same fictional universe.

X-MEN: THE LAST STAND

Domestic: **$234M**

Worldwide: **$459M**

2007

GHOST RIDER

Domestic: **$116M**

Worldwide: **$229M**

SPIDER-MAN 3

Domestic: **$337M**

Worldwide: **$891M**

FANTASTIC FOUR: RISE OF THE SILVER SURFER

Domestic: **$132M**

Worldwide: **$289M**

2008

The Marvel Cinematic Universe is born. At the end of *Iron Man*, Nick Fury (Samuel L. Jackson) shows up for a brief scene and explains that he's building a "team of superheroes." Tony Stark's Iron Man (Robert Downey Jr.) is the first of many.

IRON MAN

Domestic: **$318M**

Worldwide: **$585M**

THE INCREDIBLE HULK

Domestic: **$135M**

Worldwide: **$263M**

PUNISHER: WAR ZONE

Domestic: **$8M**

Worldwide: **$10M**

2009

Under Bob Iger's leadership, The Walt Disney Company buys Marvel Entertainment for $4 billion. You know how this one turns out.

X-MEN ORIGINS: WOLVERINE

Domestic: **$180M**

Worldwide: **$373M**

2010

IRON MAN 2

Domestic: **$312M**

Worldwide: **$624M**

2011

THOR

Domestic: **$181M**

Worldwide: **$449M**

X-MEN: FIRST CLASS

Domestic: **$146M**

Worldwide: **$354M**

CAPTAIN AMERICA: THE FIRST AVENGER

Domestic: **$177M**

Worldwide: **$371M**

2012

The first phase of Feige's plan for the Marvel Cinematic Universe comes to a head with Marvel's *The Avengers*—the first Marvel movie officially distributed by Disney—which unites the heroes from the *Iron Man*, *The Incredible Hulk*, *Thor*, and *Captain America: The First Avenger* movies to battle an alien threat.

GHOST RIDER: SPIRIT OF VENGEANCE

Domestic: **$52M**

Worldwide: **$133M**

MARVEL'S THE AVENGERS

Domestic: **$623M**

Worldwide: **$1.5B**

THE AMAZING SPIDER-MAN

Domestic: **$262M**

Worldwide: **$758M**

2013

IRON MAN 3

Domestic: **$409M**

Worldwide: **$1.2B**

THE WOLVERINE

Domestic: **$133M**

Worldwide: **$415M**

THOR: THE DARK WORLD

Domestic: **$206M**

Worldwide: **$645M**

2014

CAPTAIN AMERICA: THE WINTER SOLDIER

Domestic: **$260M**

Worldwide: **$714M**

THE AMAZING SPIDER-MAN 2

Domestic: **$203M**

Worldwide: **$709M**

X-MEN: DAYS OF FUTURE PAST

Domestic: **$234M**

Worldwide: **$748M**

GUARDIANS OF THE GALAXY

Domestic: **$333M**

Worldwide: **$773M**

2015

Marvel Studios moves from Marvel Entertainment to join Disney's other film studios under the umbrella of The Walt Disney Studios and its chairman, Alan Horn. This enables a greater focus on the films and further expansion of Feige's vision for the Marvel Cinematic Universe (MCU).

Disney announces that Sony Pictures will collaborate on the next *Spider-Man* films.

AVENGERS: AGE OF ULTRON

Domestic: **$459M**

Worldwide: **$1.4B**

ANT-MAN

Domestic: **$180M**

Worldwide: **$519M**

FANTASTIC FOUR

Domestic: **$56M**

Worldwide: **$168M**

2016

DEADPOOL

Domestic: **$363M**

Worldwide: **$783M**

CAPTAIN AMERICA: CIVIL WAR

Domestic: **$408M**

Worldwide: **$1.2B**

X-MEN: APOCALYPSE

Domestic: **$155M**

Worldwide: **$544M**

DOCTOR STRANGE

Domestic: **$233M**

Worldwide: **$678M**

2017

LOGAN

Domestic: **$226M**

Worldwide: **$619M**

GUARDIANS OF THE GALAXY VOL. 2

Domestic: **$390M**

Worldwide: **$864M**

SPIDER-MAN: HOMECOMING

Domestic: **$334M**

Worldwide: **$880M**

VENOM

Domestic: **$214M**

Worldwide: **$856M**

THOR: RAGNAROK

Domestic: **$315M**

Worldwide: **$854M**

2018

BLACK PANTHER

Domestic: **$700M**

Worldwide: **$1.3B**

AVENGERS: INFINITY WAR

Domestic: **$679M**

Worldwide: **$2B**

DEADPOOL 2

Domestic: **$325M**

Worldwide: **$785M**

ANT-MAN AND THE WASP

Domestic: **$217M**

Worldwide: **$623M**

2019

Avengers: Endgame becomes the highest-grossing movie of all time, tying up the storyline now known as "The Infinity Saga" and paying off setups from more than a decade's worth of movies.

Disney acquires 21st Century Fox and obtains the character rights to the X-Men, Deadpool, and the Fantastic Four. "This is an extraordinary and historic moment for us," Bob says about the deal in a statement.

Marvel Studios announces that it will be releasing several limited series on Disney+ that revolve around secondary characters from MCU films.

CAPTAIN MARVEL

Domestic: **$427M**

Worldwide: **$1.1B**

AVENGERS: ENDGAME

Domestic: **$858M**

Worldwide: **$2.8B**

DARK PHOENIX

Domestic: **$66M**

Worldwide: **$252M**

SPIDER-MAN: FAR FROM HOME

Domestic: **$388M**

Worldwide: **$1.1B**

ANTICIPATING WHAT CONSUMERS WANT

"One of the most interesting and perhaps challenging aspects of creative storytelling is that you're often giving consumers what they want before they actually know they want it."

When Bob made the case for greenlighting both *Captain Marvel* and *Black Panther* to the Marvel team in New York, there was some trepidation. Hesitancy surrounding the making of the films was, as Bob describes, rooted in the belief that they wouldn't bring in the same caliber of revenue (re: *Black Panther*, some skeptics felt that a superhero movie headlined by black actors would underperform internationally; as for *Captain Marvel*, they pointed to examples of female-led superhero movies from other studios that had bombed). Even though fans had been clamoring for increased diversity in the Marvel Cinematic Universe for years, there wasn't any precedent to suggest that straying from the tried-and-true template would be lucrative. The Marvel team in New York pushed for a hard pass. Bob overruled that decision.

Cut to February 2018, and *Black Panther* is blowing up. Not only is the movie a feat of incisive storytelling—boasting a Best Picture nom at the Academy Awards and perhaps the most heralded villain in the MCU—it also became the MCU's highest-grossing movie outside of the Avengers films. *Black Panther*'s runaway success goes to show that sometimes the play-it-safe approach isn't always the best approach. A year later, *Captain Marvel* grossed more than $1 billion dollars worldwide. Creating products that reinforce the core values of the brand while deviating from prior patterns to reflect the world we actually live in—that's an on-ramp to steady profits.

The *Black Panther* example further demonstrates the tenuous value of cold, hard data. Data can be immensely valuable, but it shouldn't be the only thing guiding your decisions—especially if you're in a field as unpredictable as Bob's. To reiterate his statement from the start of this chapter: Much of what you're doing as a leader in business is predicting what an audience will want. Data can tell you what audiences wanted yesterday, and that's generally a reliable predictor of what they'll want tomorrow. It can even tell you what audiences *think* they want today. Data can be a large or small part of your decision-making process, but instinct has a critical role to play, too.

And instinct doesn't flourish in a vacuum.

"If you don't go, you can't grow."

Whether you're a leader in the realm of technology, design, retail, or elsewhere, you'll need to invest in learning about your industry by poring over statistical studies. But the most important kind of research for a leader is the broadening and deepening of your own experience of the world. Bob loves traveling, which allows him to see firsthand the breadth of the world's cultures and how his company's product is enjoyed by a variety of people.

The value of this kind of experience holds true in all spheres of business, whether you're selling organic avocado body scrub at a farmers' market or running a multinational media empire that churns out the highest-grossing movies of all time. Without boots-on-the-ground experience, you're going to miss out on the ways your consumers are interacting with your product. You have to touch and feel and listen, Bob says. You have to engage intimately with your market. Experiencing your market firsthand is something that no amount of Googling will enable you to access.

LEARN MORE: WALT DISNEY IMAGINEERING AND A "BLUE SKY" APPROACH TO IDEATION

Walt Disney Imagineering—the R&D arm of the company—is where attractions and experiences for Disney Parks and Resorts are dreamed up and designed. As you can *imagine* (see what we did there?), a department responsible for that much whimsy is deeply invested in fostering creativity. A key component of its approach is the "blue sky" stage of development, where no idea is too outlandish to be laughed out of the room. In 2014, Peter Rummell, the former chairman of Walt Disney Imagineering, shared an example with *Fast Company*: An Imagineer pitched the truly bizarre idea of a snow-themed water park in Florida. Because of the company's high tolerance for offbeat ideas, the pitch was taken seriously, and it eventually led to the creation of Disney's Blizzard Beach Water Park at Walt Disney World Resort. This kind of safe space for outside-of-the-box thinking allows for the incubation of ideas that might morph into something brilliant—and it's applicable across all businesses, not just the world of theme park design.

THE IMPORTANCE OF RISK-TAKING

"Anything that is new and different is risky but necessary."

You've likely heard that great white sharks die if they stop swimming (something about obligate ram ventilators requiring a steady flow of oxygen), which is a good fact about sharks and a great allegory for business. This is especially the case in the mediasphere, where the constant threat of disruption means that even empires like Disney must, in the words of everyone's favorite Pacific blue tang fish, "just keep swimming."

If you're running a business that refuses to change with the times—maybe that means forgoing an electronic Point of Sale system in your restaurant, or maybe it means turning a blind eye when your overhead costs get too high—you'll find yourself fast-tracked to extinction. Stasis equals death. You have to know how to evolve.

Which means you must be comfortable embracing risk, and with it, failure. Yes, failure is inevitable. And that's okay. Consider Bob's anecdote about *Cop Rock*, a 1990 ABC musical police drama that totally bucked the status quo of conventional TV and that also bombed—*hard*. Bob could have reacted to the show's failure by wallowing in regret, but instead he embraced the shot taken as a point of pride. "I was always proud of the fact that we had taken such a big risk," Bob says, "because creativity has inherent risks."

The way things went with *Cop Rock* could've soured Bob on cop shows entirely. But when *Cop Rock* creator Steve Bochco pitched Bob another cop show a few years later—one that was dark and gritty and unlike anything TV had ever seen—Bob gave it the go-ahead. He was greenlighting *NYPD Blue*, a procedural that became one of ABC's longest-running shows. Why? Well, in part because the show was risky and stood out from the pack.

"I think the worst thing that can happen to anyone who's managing a creative process is to either withdraw or to get conservative after you've had a failure."

In the wake of failure, it's easy to see the allure of regressing to something tried-and-true, but at some point, even your safeguards are bound to fail; someone else is going to come up with a fresh idea and leave you in the dust. Bold business leadership requires a tolerance for risk and failure and, perhaps most importantly, a capacity to forge ahead in the wake of defeat.

But before you take Bob's wisdom as carte blanche to put your business (or your bank account) on the line, do your homework and make sure you're proceeding with caution. Take calculated risks. Assess them carefully. As Bob emphasizes, thoughtfulness is as important to leadership as courage is. Careful study and calculated decision-making are what reduce the likelihood that your risks will blow up in your face. You have to do the cost-benefit math.

Healthy risk-taking is about coming to the table as educated and informed as possible—eliminating as much of the risk from risk-taking as you can. It's a balancing act. Remember Bob's discussion of value creation vs. value destruction? You have to know the core values and identity of your brand (recall Chapter 6: Creating Brand Value) in order to assess how a bold move could bolster or damage its perception with consumers. Embrace risk, yes, but become an expert in the realm of your risk-taking first.

In the decade that led up to Bob's leadership at Disney, the studio's strategy for mitigating risk involved casting as wide a net as possible (i.e., making a broad slate of many types of films at various budgets in hopes that a few of them would be breakout hits). It worked for a time (movies like *Armageddon* and *Good Will Hunting*, made by Disney-owned Touchstone Pictures and Miramax Films, respectively, were huge successes alongside Disney classics like *The Little Mermaid*). But when Bob assumed his post in October 2005, the studio was on the brink. "[Disney] had made a profit of only $207 million on revenue of $7.6 billion—a margin of less than 3 percent," says Ben Fritz, author of *The Big Picture: The Fight for the Future of Movies*. Bob's solution—an approach that calcified over time—involved narrowing the studio's focus to recognizably branded movies and nothing else.

It took a few years and a few misfires (RIP, *Prince of Persia: The Sands of Time*) for Disney to hit its stride, but the seeds of Disney's second renaissance were sown in 2009, when Bob acquired Marvel Entertainment for $4 billion. Three years after that, Disney released its first Marvel movie, Marvel's *The Avengers*, which grossed more than $1.5 billion; that same year, Bob finalized a deal with George Lucas to acquire Lucasfilm, home of the *Star Wars* and *Indiana Jones* franchises, for $4 billion. Shortly after, Disney began to do not only the unthinkable but the unheard of: Between 2013 and 2016, the studio's profit margins skyrocketed, hitting 21 percent in 2014, 24 percent in 2015, and 29 percent in 2016 ("...a previously unimaginable high," per Fritz).

So how did he do it? Bob and his studio team, led by Chairman Alan Horn, dramatically reduced Disney's number of releases, honed the studio's focus, and delivered products calibrated to align with the specific brand identities of Disney's various assets. In short, he found a way to nearly eliminate risk in one of the most unpredictable businesses out there.

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LEARN MORE: HOW BOB GAMES THE SYSTEM WHEN IT COMES TO TAKING RISKS

In 1920s Hollywood, the advent of "talkies" led to a substantial rise in the cost of making films. That's when the big East Coast banks entered the business, financing the studios that put out increasingly elaborate movies. With the money guys on board, studios felt pressure to deliver growing returns on investments—but that didn't negate the fact that making motion pictures was a business of ups and downs. It was nearly impossible to predict what would be a hit with audiences and what would flop, so studio heads buckled in for a financial roller-coaster ride and hoped to stay in the black for the long haul. The goal, of course, was to keep profit margins (essentially, sales revenue minus costs) as high and steady as possible. It wasn't easy. "Throughout most of modern history, movie studios have considered it a good year when their profit margins exceed 10 percent," writes Ben Fritz in the book *The Big Picture: The Fight for the Future of Movies*. Even now, few studios excel beyond that—with one exception.

NAVIGATING COMPLEX DEALS: 21ST CENTURY FOX ACQUISITION CASE STUDY

On March 20, 2019, the "big six" motion picture studios—Disney, Universal, Warner Bros., Sony, Fox, and Paramount—were winnowed down to just five when Bob closed a deal with Rupert Murdoch for a partial merger with 21st Century Fox. Disney acquired 21st Century Fox's library of films and TV shows as well as the Fox Sports Regional Sports Networks, the FX and Nat Geo cable channels, Fox's stake in Hulu, and international cable networks. It's a big deal (literally and figuratively).

This acquisition was accomplished with carefully articulated goals in mind: Namely, as Bob tells you, an emphasis on bolstering Disney's ability to compete in the direct-to-consumer marketplace (a.k.a the Streaming Wars). When Bob analyzed the potential deal, there was one primary question at the forefront of his mind: How would Fox's assets bolster the new strategy he was preparing to deploy with the launch of Disney+, a full-frontal assault on the streaming-services market? As he saw it, the acquisition of Fox was beneficial in three ways:

1. It would enrich Disney's preexisting library of content by bringing brands like *National Geographic* and *The Simpsons*, as well as all content from FX and Fox Searchlight, into the mix.
2. It would increase Disney's capacity for content creation by bringing 21st Century Fox's infrastructure and creative teams under one roof.
3. It would grant Disney access to 21st Century Fox's firm foothold in international markets like Europe, India, and Southeast Asia.

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All of these pros were evaluated in terms of how they would further Disney's current game plan. Notice that this isn't Disney taking a hard left turn and trying to branch out into a totally new market; rather, the acquisition was carefully calibrated to work with the strategy Bob had already set in motion.

So how do you best leverage new assets to grow your business? Remember, everything you do should reinforce the central strategy of your brand and company. Bob did this by listing out every single asset of both Disney and Fox and then grouping those assets into similar categories. This allowed him to see how the combined assets would propel Disney toward its future goals. The assets fell into three categories:

1. The actual content produced by both companies
2. The physical means by which consumers engage with the brands—theme parks, cruise ships, toys, etc.
3. The platform for delivering content

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By plugging all new assets into one of these three categories, Bob was able to evaluate whether the deal was worthwhile. Once the deal went through, he was already ahead of the game because he already knew how to use Fox's assets to further Disney's goals.

MANAGING INDUSTRY DISRUPTION: DISNEY+ CASE STUDY

"It's incredibly important for anyone in the business to have a foot in the present and have a foot in the future."

Remember Blockbuster? Didn't think so. In 2008, the CEO of Blockbuster—the now-bankrupt video-rental company—said, "Neither RedBox nor Netflix are even on the radar screen in terms of competition."

We all know how that one turned out.

No matter what industry you're in, chances are there's room for improvement (unless you invented sliced bread or something). And where there's room for improvement, there's always the potential for disruption.

It's worth taking a moment here to look into the origin of the word *disruption* as a businessy word. Harvard professor Clayton M. Christensen coined the term in the mid-'90s. Here's how the Christensen Institute, a think tank devoted to continuing its namesake's work, explains disruptive innovation:

The theory explains the phenomenon by which an innovation transforms an existing market or sector by introducing simplicity, convenience, accessibility, and affordability where complication and high cost are the status quo. Initially, a disruptive innovation is formed in a niche market that may appear unattractive or inconsequential to industry incumbents, but eventually the new product or idea completely redefines the industry.

Disruption is inevitable, so you'd better be prepared to fight fire with fire. As a first line of defense, Bob emphasizes the need to have one foot in the future, meaning you should always be iterating on your brand or company. Your goal is to suss out impending change as far ahead of time as possible. Your job is to be a futurist. Balance your focus between addressing the present needs of the market while also assessing what that market will look like years from now.

"I think the best way to embrace disruption is to admit that it's happening."

In the mid-'90s, ESPN was acquired via the Disney CapCities/ABC merger and became enormously profitable. It remains so—but only because of decisive reaction to disruption. Recently, ESPN was in danger of losing its viewership due to consumers severing ties with their cable companies and devoting their attention (and money) to streaming platforms and social media. Rather than watching ESPN's business gradually decline, Bob saw the disruption as an opportunity: ESPN+ launched in 2018, and Disney ultimately created Disney+, a proprietary streaming service. (Now, you can buy a bundle that includes ESPN+, Disney+, and Hulu—the last of which Disney gained control of with its acquisition of 21st Century Fox.)

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This goes beyond the world of sports. Streaming, and Netflix in particular, has radically changed the way people consume media. Instead of ignoring the trend, Bob has expanded Disney's reach by investing heavily in streaming opportunities.

Once you're established in your business, you'll always be threatened by the disruption of the status quo. Seek out opportunities—even in success—to wield the power of disruption yourself. Be the disruptor instead of the disrupted.

TENETS FOR SUCCESS

Bob's been in media since the 1970s and the CEO of Disney since 2005, so he's got a deep well of wisdom from which to draw. He can recognize a good leader almost instantly, but more importantly he knows how to continually develop as a good leader himself. These are the 10 criteria that, to him, define healthy leadership:

THE ROLE OF HUMOR

"I like people that have the ability to tell a good joke or, you know, laugh every once in a while at a situation or even at themselves."

Easier said than done, we know. But the idea that humor is essential to bold leadership isn't just a Bob thing. Dwight Eisenhower, who led the Allied forces in Western Europe during World War II, said, "A sense of humor is part of the art of leadership, of getting along with people, of getting things done." If humor is essential to mobilizing the world to defeat the Nazis, you'd better believe it has its place in your workplace.

FOSTER CURIOSITY

"Being curious is vital to being successful."

Bob defines curiosity as having a desire to learn new things, have new experiences, visit new places, and meet new people. It's a concept that taps back into his advice from Chapter 8: Anticipating What Consumers Want about the value of experiential research. Curiosity and exploration inspire innovation. Curiosity is not something that just happens. It's a skill you have to cultivate. Dedicate some time to exploring: Go to a museum, go on a hike, take a class, get sucked into a Wikipedia vortex. Allow yourself to experience wonder.

BE AUTHENTIC

"When I talk about authenticity in leadership, what I mean is being honest, being straightforward, being genuine, being real—never faking anything, never saying anything... that isn't rooted in the truth."

Authenticity involves the synthesis of the above two tenets: candor and optimism. You have to balance both. This extends to knowing your own limits: If you lack experience in a particular realm, own up to it (candor) and hire someone with more expertise who will ultimately guide you and your company or brand toward success (optimism).

OPERATE WITH INTEGRITY

"It's vital that anyone in business operates with a high degree of integrity."

If you're anything like Bob, you want to be the kind of leader who is defined by his or her high standards and unimpeachable character. This means you don't cut corners, you don't burn bridges or backstab, and you find creative, ethical ways to deal with challenging situations.

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THE PURSUIT OF PERFECTION

"The relentless pursuit of perfection often means never accepting mediocrity."

As a leader, the success of your employees and ultimately your company is dependent on your commitment to yourself, your team, and your brand: At the end of the day, you get out what you put in.

BE FAIR AND OWN YOUR MISTAKES

"Give people an opportunity to state their case...to give you a sense of who they are."

Be present to the people who work for you, and show them that you have a vested interest in them: Find out who they are, and bring an attitude of empathy with you when you engage in criticism. When someone who works for you makes a mistake, learn to see when it can be turned into an opportunity for growth. Provide second chances when appropriate. In *Star Wars: The Last Jedi*, Force ghost Yoda says, "The greatest teacher, failure is." Keep that in mind.

When you fail, use that moment as an opportunity to establish a culture of resilience and optimism. This means taking responsibility for your actions. As tough as it is, making mistakes and subsequently owning up to them can in turn make you a stronger and more respected leader.

BE DECISIVE

"Second-guessing decisions is not something that I like doing."

First, a disclaimer: As a bold leader, you must make every decision carefully and non-impulsively (remember Bob's lesson about taking calculated risks in Chapter 9: The Importance of Risk-Taking). However, you want to avoid dragging your team into the weeds of indecision. Do work behind the scenes to become the kind of person who can make decisions efficiently and definitively, and once you make a decision, stick to it. Even if the decision you've made is turning out to be the wrong one, don't agonize over what could have been. Accept the consequences, embrace failure as an opportunity for growth, and move on.

PRACTICE CANDOR

"Creating a safe environment for honesty and candor and ease of communication is extremely valuable."

You should be clear in your expectations and evaluations of others, Bob says, but then you should also expect them to be candid with you. This includes a tolerance for hearing criticism, which can be tough. But it's also essential. As a leader, you need to encourage your employees to be honest with you and accept responsibility for your failures.

PROJECT OPTIMISM

"A leader can be a realist, but it's incredibly important to infuse some level of optimism into just about everything."

If your company is in hot water, own up to it. Then, when projecting your expectations for the future, learn to frame the tough situation as a learning experience and chart a course forward that guarantees growth. This kind of strategizing has to be genuine. Your employees will know if you're doing this for the sake of trying to maintain positivity—so you have to have a realistic strategy for bouncing back. Your optimism must be rooted in the achievable.

CONCLUSION

To thine own self be true.

Bold business leadership, as Bob describes it, requires integrity, humility, and self-assurance in the face of both triumph and failure. As you chart a course for boundless success in your business, keep in mind the principles Bob lists out: the importance of fostering character traits like curiosity, candor, and optimism; the ability to set your ego aside when coming to the negotiating table; a readiness to evolve and foresee the future needs of consumers. Internalize everything you've learned in this class, and you'll find yourself primed to lead in your industry.

"My greatest hope for the next generation of business leaders," Bob says, "is that they bring to the job great integrity and they achieve things that ultimately create a better world."