

Chief executive officers of corporations large and small inhabit the rarefied air of the decision-maker charged with ultimate responsibility. Their management styles and philosophies shape their companies like few other forces. Pressure abounds. Though every business is the sum of its parts, CEOs know successes and failures will in the end be credited to them.



Michael Eisner understands this better than most. Through the course of his global entertainment industry career, Eisner stamped both Paramount Pictures and The Walt Disney Company with his team-building and forward-thinking CEO management personality. While at Paramount, Eisner made films that would become cultural touchstones, including *Saturday Night Fever*, *Grease*, and the *Star Trek* and *Indiana Jones* franchises. For more than 20 years at Disney, from 1984-2005, Eisner directed the explosive growth of what had been a \$1.5 billion film and theme park company into a \$31 billion diversified media conglomerate. His tenure included *The Lion King* and *Beauty and the Beast*, international theme park expansion, partnership with Pixar, and acquisition of Miramax, ABC, and ESPN. Today, Eisner continues as CEO of Tornante, which produces content for Netflix, and serves on the board of The Eisner Foundation, a nonprofit focused on disadvantaged seniors and children in Los Angeles.

Eisner visited Sarasota to open the 2016 Ringling College Library Association's Town Hall Lecture Series, underwritten in part by Williams Parker. The firm asked Eisner to reflect on his career, his leadership style, and the trends he sees in the rapidly evolving realms of media and entertainment.

*This interview has been edited for clarity.*

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You built Disney into one of the most valuable companies in the world. What are the signature philosophies of your CEO leadership style?

## Eisner

My leadership style is mostly cheerleader stuff. I've been too enthusiastic at times. Somebody tells me a good idea, I go over the top, 'Let's do this, come on, let's put on a show.' But you can't just be enthusiastic. Creativity can flourish within sensible financial limitations. Any number of mega-budgeted films have been mega-flops because they attempted to substitute greater capital expenditure for creativity. At Paramount, we kept movie budgets under \$10 million, which was well below the industry average. At Disney, I continued this practice of keeping budgets well within the norm. You can't get to perfection, because that would break you financially. But excellence is what's good.

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Even keeping budgets on a leash, you made culturally significant films like *Grease* and *Roots*. How did you know these would become such huge hits?

## Eisner

With *Grease*, we didn't know we had a cultural phenomenon. John Travolta had made *Saturday Night Fever*, he was hot. Then *Grease* exploded and I still hear the songs in my house all the time. With *Roots*, again we had no idea. Most people thought it was going to be a big failure. You can't predict it. You make good things; some of them fool you at how good they are. You simply never know.

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You have said that a CEO should have a decision-making partner. What have been the benefits of these partnerships for you?

## Eisner

There is what I call 'partnership math.' One plus one equals three, or 30, or maybe 300. Two minds that are supportive and challenging of each other can make the difference between an idea that dies a quiet death and an idea that becomes a phenomenon. I benefited from three great partnerships in my life—one with my wife, one with Barry Diller of ABC and Paramount Pictures, and one with Frank Wells at Disney. For 10 years, Frank and I worked side by side. By any objective measure, Disney achieved tremendous growth during this period. But no yardstick can gauge the sheer enjoyment I experienced every day working with Frank. Partnerships make you happier.

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How is power shared in partnerships when ultimate responsibility remains with the CEO?

## Eisner

One individual always assumes the senior role. In my partnership with Barry Diller, it was Barry. At Disney, I had ultimate responsibility. The yin and yang quality of partnerships provides a balanced approach to problem-solving. But it also fosters

creative tension, with each partner prodding the other. In every partnership I had, there was an unqualified supporter. If you can pair up with a compatible partner, you'll find that things tend to work out better and you will enjoy the journey that much more.

WP

You occasionally took criticism as a micromanager at Disney. Should a CEO not micromanage?

## Eisner

Conventional thinking has come to depict micromanagement as a pejorative. Nothing could be further from the truth. Micromanagement is just shorthand for saying that managers should be very involved in every level of operations and should assume a high degree of responsibility for everything. Walt Disney was one of the great micromanagers of all time. Whether he was coming up with a gag for a cartoon or picking trash up off the streets at Disneyland, nothing was too small for his attention. Walt understood that micromanagement is leading by example, being willing to get into the weeds, and if necessary, pull some out with our own hands.

WP

Is it better to stay with tested business strategies or to try new things?

## Eisner

A combination of the two is a way to go. There's nothing wrong with the past. There's nothing wrong with Broadway shows, there's nothing wrong with movies, there's nothing wrong with theme parks. But there's also nothing wrong with Facebook, Twitter, or Snapchat. If you only stick to the past, you're probably going to atrophy. As they say in *The Lion King*, 'The past is in your rear, so leave it behind you.' But if you only stick with the future, you're probably going to be pretty unlucky and fail.

WP

How have you handled failure along the way?

## Eisner

As Tom Watson, the builder of IBM, once said, 'The way to accelerate your success is to double your failure rate.' I try to make everyone aware that failure is not a corporate death sentence. Making the same mistake twice is seriously frowned upon, and three times is really bad, but to punish failure is to encourage mediocrity. Mediocrity is what fearful people will always settle for. At Disney, we encouraged failure with something called 'The Gong Show.' We would all sit around the table and toss out ideas for movies or TV shows—outrageous ideas were completely acceptable. Of course most of the ideas were awful and would deservedly get gonged. But some really creative concepts could emerge. *The Little Mermaid* came out of a Gong Show.

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You now spend much of your time in the nonprofit sphere. Is there a difference between leading a corporation and leading a foundation?

## Eisner

(Laughs) Disney has 150,000 people and my foundation has four. Also, whereas everybody thinks that the nonprofits are vanilla and totally without any bumps or warts, that's not true. Not-for-profits have the same issues as for-profits. There isn't the quarter-by-quarter analysis, which sometimes can be very annoying, but they do have a lot of regulatory situations. There are people who are not as good as they should be, people who are irresponsible. But there are also nonprofits that are fantastic and run emotionally and financially for the consumer they serve.

WP

What is the most exciting trend in media today?

## Eisner

Streaming services are beginning to dominate the marketplace. The big issue is, 'How big does Netflix get?' I know them well because I have a show, *BoJack Horseman*, on Netflix. Since leaving Disney, I started a company called Tornante—'hairpin turn' in Italian—we've released over 20 successful Internet series. But no, TV is not dead. People thought television was going to kill movies, and movies are still alive. Television was going to kill radio, and radio is still alive. Video was going to kill television, and DVDs and Blu-ray were going to kill video. But it does not happen. What happens is one and one adds up to two-point-five. The audience grows bigger; there is more available access to programming. But when that transition happens, the existing media get very nervous.

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Have we reached a turning point in media distribution?

## Eisner

It happens around once a decade: a phenomenon. Wireless distribution has changed entertainment on a technical basis—Netflix, Amazon, Hulu, and so forth. Traditional television where you get used to a show at 9:00 p.m. is now limited to basically sports and news. You can now watch a show anytime, anywhere, whether it's on iTunes, or Netflix, or whatever. The world has changed, for better I think, because it's more competitive for quality programming. But there's also a lot of junk. We always maintain our high level of junk. (Laughs.) But there's also a high level of quality that is finding its way to television.

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Do you, personally, use social media?

## Eisner

Yes. My children are obsessively posting about their children on Instagram. So it's like I live with all of my grandchildren. Texting is fantastic. You can stay in touch with everybody. Social media is extremely important for marketing. Everybody in my industry is agonizing over whether to use Snapchat, Twitter, or whatever. But I don't think it has replaced verbal recommendations on what to watch. People are social animals; they still get together, go to school together, have families. So there is conversation and people are still talking. That's still the most important part of marketing.