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The Walt Disney Company in 2023: In search of the new CEO

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On January 11, 2023, the Walt Disney Company's board of directors elected Mark G. Parker as its new chair. He had joined the board in January 2016 and was the executive chair of Nike. Parker replaced Susan E. Arnold, who had chaired Disney's board between December 2021 and December 2022.

Bob Iger had returned as Disney's CEO on November 20, 2022, replacing Bob Chapek, who had held the position since February 2020. Chapek's short stint as CEO was marked by mediocre financial performance and several conflicts with various stakeholders. In 2022, Disney's share price had declined 47%, while the S&P 500 index fell 11.30% during the same period. In the same year, the direct-to-consumer business segment, which oversaw Disney's streaming services, had reported $4.0 billion in operating losses on annual revenue of $19.6 billion.

Iger had been Disney's CEO between 2005 and 2020 and, during his first tenure, had announced four different retirement dates: 2015, 2016, 2018, and 2019. Upon his return in November 2022, he signed a two-year contract and was tasked by Disney's board with making the streaming business profitable and finding a proper successor. Disney's incoming chair, Mark G. Parker, said his main goal would be to "identify and prepare a successful CEO successor" and that the process "[had] already begun."[1]

In 2022, the New York–based activist investor Trian Partners gradually acquired a $900 million stake in the Walt Disney Company. It requested a position on Disney's board for Nelson Peltz, who had cofounded the firm in 2005. It criticized Bob Iger for mishandling his succession plan in

[1] Walt Disney Company Board of Directors, "Mark Parker to be Named Chairman of the Walt Disney Company," news release, January 11, 2023.

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the past and for the 21st Century Fox acquisition in 2017. Peltz also pushed some operating initiatives to improve financial performance.

On February 2, 2023, Disney's board of directors decided not to support Peltz's candidacy,[2] adding that "Nelson Peltz does not understand Disney's business and lacks the skills and experience to assist the board".[3] What were the board's key priorities? How should it deal with Peltz's proposals regarding Disney's strategy? How should the board monitor Iger in his second stint as CEO, and how should it work with Iger in the CEO succession process?

The Walt Disney Company: A brief history[4]

The Disney Brothers Cartoon Studio was established by Walt Disney and Roy O. Disney in 1923. The breakthrough came in 1928, when Mickey Mouse made his debut in *Steamboat Willie*, the world's first synchronized sound and animation cartoon. The groundbreaking innovation propelled Disney to the forefront of animation, and Mickey became a global icon.

The first full-length animated feature, *Snow White and the Seven Dwarfs*, was released in 1937. This audacious move brought massive success, establishing Disney as a pioneer in animation. Disney continued to produce beloved animated classics, such as *Cinderella* (1950) and *Sleeping Beauty* (1959). The company then diversified into television with shows such as *The Mickey Mouse Club*, further embedding itself in American households.

Walt Disney's dream extended beyond the silver screen. In 1955, he opened Disneyland in California, the world's first-ever theme park, where visitors could step into the magic of Disney's stories. This innovative concept set new standards for immersive entertainment. Walt Disney World in Florida followed in 1971, solidifying Disney's presence in the theme park industry. Later, international expansion began with the inauguration in 1983 of Tokyo Disney Resort in Urayasu, Japan. In the following decades, Disney opened theme parks in Paris, Hong Kong, and Shanghai, operating to the present day six extensive complexes around the world that bind together iconic castles and landmarks, rides and attractions, restaurants and commercial centers, themed lands, and interactive play areas as well as resorts and hotels. In addition, the business unit includes the Disney Cruise Line, which was founded in 1995 and currently operates five ships offering voyages in Europe, Alaska, the Caribbean, and the Bahamas as well as transatlantic trips.

Ten months before *The Jungle Book*'s release in 1966, Walt Disney passed away, leaving his creativity and vision as a legacy for guiding the company's future ventures and challenges. The first projects developed without the influence of Walt Disney yielded lower economic returns and box office success than expected. A few years of transition ensued until the arrival, in the 1990s, of very promising new creatives, such as Andreas Deja, Mike Gabriel, John Lasseter, Brad Bird, and Tim Burton, who, with the appointment of Michael Eisner as CEO in 1984, led a creative renaissance for the company, with audience and box office hits such as *The Little Mermaid* (1989), *Beauty and the Beast* (1991), *Aladdin* (1992), *The Lion King* (1994), *Toy Story* (1995, in partnership with Pixar), *Pocahontas* (1998), and *Tarzan* (1999), which captivated audiences and

[2] "The Board of Directors. "The Walt Disney Company Underscores Board Strength And Focus On Value Creation, Sends Letter To Shareholders." The Walt Disney Company. Last modified February 2, 2023. https://thewaltdisneycompany.com/the-walt-disney-company-underscores-board-strength-and-focus-on-value-creation-sends-letter-to-shareholders/.

[3] "Disney Attacks Peltz's Media Expertise in Proxy Fight," Financial Times, January 17, 2023.

[4] The facts and dates reported were obtained from Disney's official history on its corporate website. Walt Disney archives. "Disney History." D23. Last modified March 2, 2023. https://d23.com/disney-history.

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showcased Disney's ability to adapt to new generations. This era rekindled the company's reputation for animated excellence.

Michael Eisner, who had previously been president of Paramount Pictures, stayed at the helm of Disney until 2005. During his two decades of leading Disney, Eisner helped the company become a major film studio, developing films every 18 months instead of every four years. He had opened 725 stores worldwide by 1999 and oversaw the expansion of Disney's theme parks in Europe and Asia. Furthermore, under Eisner's leadership, Disney acquired several companies: Hollywood Pictures (1989), Miramax Films (1993), Capital Cities/ABC, Inc. (1996), ESPN (1996), and The Muppets (2004).

Michael Eisner was seen as a CEO who tightly controlled the board of directors and its decisions, and his final years were filled with boardroom drama. In 2004, he was forced to step down as chair, and the board was ready to appoint a new CEO in 2005.

Bob Iger as CEO: 2005–2020

On March 13, 2005, the Walt Disney board of directors unanimously elected Robert (Bob) Iger as CEO to replace Michael Eisner, who would step down in September 2005.[5] Iger was named president of the company and chief operating officer (COO) in 2000. In 2012, he also became chairman of the board.

Disney diversification and acquisitions

In 2006, Disney's board concluded the $7 billion Pixar Animation Studios acquisition, bringing together Nemo and Buzz Lightyear with Simba and Mickey Mouse. This acquisition brought into Disney's fold creative genius John Lasseter—who had already served at Disney—and Ed Catmull, revitalizing Disney's animation division. Moreover, it gave Disney access to Pixar's animation technology and new characters, increasing its market power.

In 2009, Disney announced the acquisition of Marvel Entertainment for $4 billion, giving Disney's creatives access to a vast number of popular characters that had inspired audiences for decades, such as Spider-Man, Iron Man, and the X-Men. The move significantly bolstered Disney's presence in the lucrative superhero genre. In 2012, Iger announced the purchase of Lucasfilm for $4 billion, giving Disney access to the entire Star Wars universe. In 2019, Disney acquired the majority of 21st Century Fox's assets for more than $70 billion, a price considered excessive by some analysts. This deal further expanded Disney's content portfolio. One of its effects was Iger's contract extension to supervise the integration of Fox and Disney.

With all these acquisitions, Iger developed a profitable franchise and merchandise model with the successful characters of each company. New content creation resulted in mega hits in the Avengers, Star Wars, and Pixar universes. Walt Disney's large budget allowed it to explore opportunities and develop huge amounts of content that smaller studios could never dream of.

Iger made significant investments in Disney's theme parks, with a focus on immersive experiences, popular franchises, and international growth. He incorporated Disney's main characters into the theme parks, adding Star Wars: Galaxy's Edge, Toy Story Land, and Pandora:

[5] "Disney Names Iger to Succeed Eisner as Chief," *Financial Times*, March 13, 2005.

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