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Dean's Executive Leadership Series - Pepperdine University / DELS 2007-2008

Transcript of Interview with Andy Bird, President of Walt Disney International

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Announcer: The Graziadio School of Business and Management at Pepperdine University proudly presents The Deans Executive Leadership Series. This podcast invites top business practitioners and thought leaders to share their view on the real world of business.

Rick Gibson: Hello, and welcome, my name is Rick Gibson and I'm the associate vice president for public affairs here at Pepperdine University. And I'm joined today by Dr. Linda Livingstone, who's the dean of the Graziadio School of Business and Management. Welcome, Linda.

Dean Linda Livingstone: Thanks, Rick. It's good to be here today.

Rick Gibson: Well, we're in the midst of a very exciting series. I believe this is the fourth year of the Dean's Executive Leadership Series. How are things going so far?

Dean Linda Livingstone: That's correct, it is our fourth year. We have had a fabulous year so far. We began with Deborah Platt Majoras, the chairman of the Federal Trade Commission. And then today, you'll

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be hearing an interview from Andy Bird, president of Walt Disney International. So a great start to what's going to be a wonderful series this year.

Rick Gibson: Yeah, a terrific and exciting line-up. Tell us a little bit about Andy Bird.

Dean Linda Livingstone: Well, Andy is the president of Walt Disney International. And he's responsible for their business unit leaders around the world and really oversees all of their growth opportunities outside of the United States. He has a really great background. Prior to that, he was at Time Warner and actually also was with Turner Entertainment Networks before that. So it was a fascinating discussion. I know our listeners will be interested to hear what he has to say.

Rick Gibson: Well, with that, let me invite our listeners to sit back and enjoy this interview with Andy Bird.

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Dean Linda Livingstone: Well, it's a pleasure today to have with us for our podcast, the president of Walt Disney International, Andy Bird. And Andy, you are actually our second speaker in this year's Dean's Executive Leadership Series and so our second podcast of the year. So welcome, we're glad to have you with us.

Andy Bird: It's great to be here.

Dean Linda Livingstone: Well, you've come in a line of Disney individuals who have been a part of this over the last several years. We started with Anne Sweeney a couple of years ago who, of course, is the president of Disney ABC Television. And then last year, Brian Frons, who's the head of daytime TV at ABC was with us. So we appreciate all the support from Disney that we've gotten in this series.

Andy Bird: I don't know what that means. It either means that we're popular or we've got too much time on our hands.

Dean Linda Livingstone: <laughs> I think it's popular. We always have great crowds for our Disney folks. Well, what I want to begin with is to let you give our listeners a bit of an overview of what Walt

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Disney International is. Of course, in Southern California, we're so familiar with the theme park and the TV side of it and everything. But tell us a little bit about what you do on the international side of Walt Disney.

Andy Bird: Well, Disney, as you know, is a worldwide brand and we're a worldwide company. And we're very fortunate that the brand has very high recognition in over 200 countries. In fact, we do business in over 200 countries around the world whereas, in the U.S. we're dealing with one homogenous marketplace where all of our brands and all of our businesses are very, very well known as we look into international territories and the depth of some of our businesses is penetrated at different levels and some of our businesses are very nascent in their development. And there's a lot of different issues to deal with in terms of language and culture and geographies. And so, my role is sort of to take an overview of all the activities that the Walt Disney Company is doing outside of the U.S. and Canada and really help and work with the lines of business to develop strategies for growth, market entry strategies, to be looking at the long-term picture as to how we built the Disney Company and the Disney brand on a territory by territory basis.

Dean Linda Livingstone: So let's talk about that a little bit because, as you said, there's different levels of penetration and different markets. So let's talk about maybe a couple of fairly different kinds of markets. So let's start with Europe, probably more traditional. You've been there longer. We've always heard lots of stories about, you know, the park in France. So what are you doing in a place like Europe in terms of penetration and dealing with sort of culture and the business practices there versus, say, the newer markets like in China and India that are such large markets—such great potential—but probably very different for you all to deal with than, say, in a European market? So talk a little bit about that and what sort of the opportunities and challenges are in those different kinds of settings.

Andy Bird: Those two geographical areas have a very good contrast because, as you rightly say, we've been present in Europe for a very long time. In fact, Walt drew a lot of his inspiration for the early movies from European fairytales and European literature. He was a frequent visitor to Europe along with the original group of animators. And so, not only are our stories but the Disney brand is very, very well known and has a very rich and long heritage. And that has helped in the development of our businesses there. And as you rightly say, the vast majority of our businesses, in fact, every single line of business that we operate in, has a presence in the European marketplace. And our role there is really to build on the foundation of the market presence that we have.

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And very importantly, in a market like Europe, is take advantage of the changes in technology whether it's new platforms, new means of delivery for our content whether that be in the form of video content or film content but also in terms of what we're doing now in the gaming space, the mobile space, what we're doing in some of our commercial products areas. It's really taking advantage of the advances in technology in a relatively developed collection of markets, certainly in the big five markets in Western Europe.

As we move out into Russia and Central Eastern Europe, we find lots of opportunity there to start building the brand and allowing it to grow. If you contrast that with Asia and you can pick either really, India or China or Korea or any of those Asian markets, we've very fortunate on the one hand that the Disney brand is very well known. As I mentioned before, you know, I think in the last inter brand study, the Disney brand ranked six or seventh. We're normally around that and of course, the number one entertainment brand by some way. So wherever I go and I get my business card and I show my business card and it has Mickey and they go, "Oh, Disney and Mickey Mouse" or Mi Lao Shu as Mickey's referred to in China. And that's Mickey's Chinese name. But what we find to be different, say, between the European consumer and the emerging markets consumer, the Asian consumer, whether that be India or China, as I mentioned, is whilst the recognition of the Disney brand and some of our characters is very high, the amount of depth that the brand has is not there to the same extent as it is in Europe. And so, there, our job is very much about allowing our consumers to really understand the meaning of the Disney brand and the stories and the storytelling that sort of forms the foundation of Disney in the U.S. or in Western Europe.

Dean Linda Livingstone: Because those of us that grew up here have been hearing those stories and those legends for years for as young as we can remember. And I guess you don't have that in a country like China or India where many of the people there didn't grow up with those stories and those movies and those shows.

Andy Bird: Yeah, Disney is very much, I call it, an experiential brand. And by that I mean, as you grow up as a child, take here in the U.S. and California, a perfect example, you are surrounded by so many opportunities to experience the Disney brand in so many different ways, through movies, now through DVDs, of course Disneyland for over 50 years in Anaheim, the Wonderful World of Disney used to be on Sunday nights on television...

Dean Linda Livingstone: I remember watching that every Sunday night.

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Andy Bird: ...now, that the power of Disney Channel and, you know, “High School Music,” “Hannah Montana” and everything. So that’s there and that kind of becomes ingrained in you as a child. And as you grow up to become a parent and you have children of your own, of course, you want your children to have the same experiences with Disney that you had when you were a child. Now, if those elements weren’t available when you were growing up as a child, which in Asia and in many parts actually of Europe-- you know, you mentioned the park in Paris but that’s only 15 years old. So relatively speaking, when you’re looking in multi-generational terms, it’s relatively new. So it gives us a great deal of work to do in terms of getting our stories over to consumers. But it also gives us a great deal of optimism in terms of opportunities to grow our brand and our businesses in international markets.

Dean Linda Livingstone: Well, you just mentioned in those remarks about “High School Musical” and “Hannah Montana” and I know you have boys that are 11 and 12. And I have an 11-year-old daughter. Your boys probably aren’t quite as much into “High School Musical” and “Hannah Montana” as my 11-year-old daughter is.

Andy Bird: “High School Musical,” yes, “Hannah,” less.

Dean Linda Livingstone: “Hannah,” not so much. But we’ve spent a lot of time at my house watching the Disney Channel and those two in particular. And those are amazing Disney phenomena that I expect in some ways probably are outperforming what Disney ever would have hoped that they would do. How do you take that sort of amazing success that has grown here and translate that globally with those kinds of experiences and brands that are being created? And are those being responded to in the same way globally as they are domestically?

Andy Bird: That’s a great point. And the best way to answer that question is to go back historically and look at the type of business Disney was in up until quite recently and that was primarily like many of the other studios was an export business. You know, if you think fundamentally, we’re in the business of IP creation whether that be a television program or a movie or even a theme park attraction. The center of that IP creation was Los Angeles, was Burbank or Glendale, California. And for decades, we, along with the other studios, have created an export model of exporting our Hollywood movies and television series. And that has been very successful on one level.

But if we’re to achieve the level of success we’re just talking about in terms of how the brand resonates with an American audience and other parts of the world, we need to make the Disney brand, the Disney Stores and Disney characters as locally relevant to the local audience that we talk to as we possibly can.

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And we can do that two ways: one, by creating new Disney branded local content, which we're doing and, second, which is really exciting and in fact, "High School Musical," is probably the first large scale example of this is really taking it and adopting it for local tastes. And so, we've done a very, very good project in Latin America, in Mexico, Brazil, Argentina, and I think Chile as well where we're creating a completely local version of "High School Musical." And it's going to be a local movie version so we're calling it sort of "High School Musical 2½" in between the "High School Musical 2" and then the theatrical version of "High School Musical 3" which is going to come out later next year. And in order to cast the lead roles in that movie in Latin America, in each of the countries, we've held an "American Idol" type talent search, which has been phenomenal, which is then being broadcast with our local broadcast partners. And we're wittling down to find a Troy and a Gabriella.

Dean Linda Livingstone: So you're building interest long before the product is actually on the market?

Andy Bird: Absolutely and also creating what I like to call an emotional resonance. Disney's a very emotional brand and it works when it makes you laugh, smile, cry, feel special. And we need to create opportunities to do that with product that originally had just been created here in the U.S. and then purely exported. And now we can capitalize on these global phenomenon and look to localizing and making it more locally relevant. And we're looking, by the way, to do the same with "High School Musical" in other markets around the world and also with "Hannah Montana."

Dean Linda Livingstone: I'll be looking forward to seeing those. It probably means my daughter will think we need to go to one of these places and see it in its own environment. You talked about intellectual property, that that's sort of the heart of what you're doing. And clearly, when you start dealing with intellectual property on a global basis, there's some real challenges there because different cultures view intellectual property in different ways. So how are you dealing with that at Disney as you operate in countries around the world, some of which honor intellectual property rights and others where that's not so much of a part of the culture and really the law even in those countries?

Andy Bird: I think our view is that you can't rely on defensive tactics alone. You have to have an offensive strategy as well as a defensive strategy. Encouraging government who really are the main bodies if you get a government behind anti-piracy strategy or legislation that helps enormously. We're very, very vigorous in trying to encourage that and find generally that there is a will to do that. But at the same time, it's very, very important that we make our product available in the devices and the technological means that the consumers demand it. The consumers are now demanding product in a number of different ways. That's why as a company we've been so aggressive embracing platforms such

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as the iTunes platform, which is now rolling out with our television programs and our movies around the world and other broadband and online and mobile phone, operators in Korea, in Japan now. We're selling our movies and our TV programs so that you can watch them in digital quality on a mobile phone because their technology is just so much more advanced than it is here in the U.S. And so, it's always a two-prong strategy. You know, one is discouraging wherever possible the illegal use or theft as it were of IP and at the same time on the offensive proactive means, trying to make it as available in the right language and at the right time and on the right device so that it encourages legal take of the property.

Dean Linda Livingstone: There's less reason to pirate if you're doing it in as proactive a way as you can, sure. When you were first describing what you do at Disney International, you were talking about how you really coordinate across all of the business units of Disney to take what they're creating and do it appropriately and these other cultural contexts. So I would be interested in hearing you talk a bit about sort of how you do that effectively because you're talking about different business units that have, you know, different kinds of products, different markets that they're targeting. Are there any things that have worked particularly well for you just internally within Disney to bring about that coordination that allows you to take to market in different countries all of the different products that come out of the different business units of Disney?

Andy Bird: I think there are two things that you have to do. And a lot of what I sort of say, you know, underneath my title should be sort of in parentheses, you know, agents of change or change agents or something like that because I spend a lot of my time also being a protagonist, trying to change the ways particularly the philosophy and the mindset of the old, traditional way the company would operate in terms of leading it to the new way.

The other thing that I think is very important is clarity and communication, clarity of purpose and communication of exactly what objectives and strategy we're setting out to achieve. And the way we interact with the lines of business is broadly speaking on the following lines: we have six main businesses and they focus on product and P&L, so the studio, the ESPN business, the Disney Channel business and ABC business, the consumer products and internet, and parks and resorts business. Now, in international markets, each of those may be penetrated at a different rate as I was mentioning earlier. And so, whereas they focus very much on product and P&L, that's sort of how I define broadly how our businesses-- they're looking at the next movie release, the next television series on Disney Channel, the next DVD release or the latest deal with apparel with Wal-Mart or one of the Carfour or something like that.

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What I'm doing is taking a much broader perspective, view—overview—of all of these different businesses in a particular territory, seeing where there's gaps, where we think we're underpenetrated and maybe think where there's opportunities for us to get into maybe a new business. So I'm taking a much more broader view and I'm also taking the longer term view whereas our businesses are looking really on a zero to five year time horizon.

I'm looking five, 10, 15, 20 years down the road as to where we really need the Walt Disney Company to be and Disney the brand to be in any one particular market. And what's fantastic and fascinating about my job also is every single market's different. So what works in Market A is not going to work in Market B. And so, it's like creating a series of mosaics and having all jigsaw puzzles and having all these different pieces and that's the beauty of the Walt Disney Company. We have lots of different businesses that we can pull many different strings dependent upon the market conditions. And I'm trying to work this jigsaw out with working in partnership with each of the businesses to work out what we need to do today for the benefit of the company down the road.

Dean Linda Livingstone: A challenging but interesting and exciting opportunity to try to pull that all together and make it work especially when your timeframe for dealing with it is different than those that you're working with.

Andy Bird: Yes. And it leads to conflict and it leads to a lot of internal pressures because we have very, very talented individuals running all of our businesses not just on a global level but on regional and country levels. And they are, as a company, a public company, we report and they held to budgets and, you know, publicly reported numbers on a quarterly basis. So there are pressures to any business on that. And so, in order for me to be effective and my team to be effective, there really needs to be a very clear and coherent strategy communicated to everyone. S

o I actually find myself doing a lot of going out on the road. There's nothing that beats sort of, you know, pressing the flesh and getting out there and actually just communicating. And also, I found it's really beneficial to really be very clear in defining what we do, myself and my group does, versus what the lines of business do. And for them to understand, I sometimes refer to-- you know, because I have a corporate role and I'm very clear. I'm a bit like the maitre d' at a restaurant. And once a year, I come around to all the businesses and I present the bill and I say, "Well, here it is. I know you're not going to like the bill but you've done a good job."

Dean Linda Livingstone: Well, if you think of it, it's worth it.

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Andy Bird: Exactly. And also, we're a little bit like Switzerland because I have the integrity and the welfare of the company at my heart. So if I come to you and I say, "You know what, I really think that you should either leave some money on the table or we should do this deal this way or we should invest here," they know that I'm doing that for the greater good of the company and over the long term, you know, swing some roundabouts, you know, what they give up here, they're going to probably get back there and because we're all shareholders in the company ourselves, that it's going to work for the good of the company as a whole.

Dean Linda Livingstone: Kind of a question related to that, you have been at Disney about four years now. And you were at Time Warner before that for a number of years. So you came in from outside but yet the role that you're in is just really critically important that the people that you work with trust you and believe that you have their best interest at heart. How did you go about building those relationships in sort of short order given that you weren't, you know, an insider in the company, you didn't have those relationships previously? How did you go about doing that so that you could very quickly begin to get accomplished some of what you need to given how important the trust and the coordination and the collaboration is in your role?

Andy Bird: I think actually coming in as an outsider was an advantage. And actually, I was hired in by Bob Iger. He was the first president of Disney International back in '99. He...

Dean Linda Livingstone: So he has a great depth of knowledge about what you do.

Andy Bird: He has a great depth of knowledge and a vested interest in it. And we talked about this during the hiring process and actually, you know, [he] very much viewed the fact that I came into the company as an outsider as I wasn't coming in with any baggage. I wasn't coming from a perceived view of a studio view or a television view or a consumer products view or any parks and resorts view or anything like that.

And then, once I joined, I find there's a very undervalued resource is just listening. You know, there's nothing more than-- you know, there's a lot you can do by just listening and observing. And still, when I travel the world, I find time to just go out and sit somewhere. It can be a railway station in London or in England. It used to be in the pub, you know. But as I go around the world and just watch and observe and see how people interact and react. And you don't even have to understand the language. You can garner so much information, just go walk about and go see-- try and get a sense of what's going on and just listen and get lots of different points of view.

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And then, as I say, have a very clear agenda and communicate quite clearly, plus, help having a clearly defined strategy from Bob in terms of, you know, the company has three priorities: creativity, technology and international. So that helped and that is constantly reinforced. And there is a genuine understanding and willingness amongst all of our cast members and employees that they now understand why we need to grow and what we're trying to do in terms of expanding our international business.

Dean Linda Livingstone: Let's change tracks just a little bit. Obviously, a real hot issue right now in the L.A. area is the writer's strike. And my question here, this may or may not have great impact on you, but it's interesting to think about that's certainly an immediate thing here in L.A. but what kind of impact does an action like that by writers have on you from an international perspective? Is there any immediate impact or is it a longer term impact? Is it something that really isn't of great concern to you and what you do on a regular basis?

Andy Bird: I don't touch it on a regular basis and I can't talk to the-- because I haven't been anywhere near it because it's a domestic.

Dean Linda Livingstone: You're probably thankful for that, that you haven't had to deal with that one <laughs>.

Andy Bird: In some ways, but I think no one, you know, likes to see anyone striking anywhere. It's a very unfortunate set of circumstances. And I think it's Day 2 of...

Dean Linda Livingstone: Yes, it started yesterday.

Andy Bird: ... the action, so I think it's very early to say how that would impact. I do know a lot of the studios have a fair amount of product already shot and processed. But it doesn't really touch my business and what we're trying to do internationally that directly.

Dean Linda Livingstone: As we kind of bring to conclusion our discussion/podcast, what you do is certainly very embedded in the entertainment industry—although it's very broad based in the entertainment industry—but as you think about kind of your experience internationally, and you have much international experience even before coming to Disney, you know, are there kind of two or three takeaways from that, that you think are sort of broadly applicable to people operating internationally and running businesses that have global components outside of entertainment that would be sort of globally

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applicable to all kinds of businesses just based on your many years of experience in the international side of the entertainment business?

Andy Bird: I think the number one rule I sort of espouse to people is you can never underestimate the value of respect and common courtesy and manners, especially when you're traveling to foreign climes where there may be many different cultures. And that married with the ability to listen get you a long way regardless in where you're going. And also having an open mind in terms of, you know, just because you do it this way and have done it this way for many, many years in country acts doesn't mean that it's going to work countrywide. And the ability to be flexible and the ability to adapt, I think, is very important.

And thirdly then, it's communication. Communicating both locally to your partners and also to the people who work for you in a particular market and then ensuring that the communication process from- because many of these markets are thousands of miles away and several, you know, half way around the world in terms of time zones from Los Angeles or wherever you have to be based making sure not only that the message is very clear in the market and these people know exactly what they should be doing and also get to understand the business culture that you're trying to distill in them but also that the communication process is very clear back so that the people here understand it because many times it's ignorance from the people here, talking very generally, that stymies and stifles expansion into the great unknown because ignorance breeds fear.

Dean Linda Livingstone: So listening, respect, adaptability and communication.

Andy Bird: And there you go. That's four.

Dean Linda Livingstone: Well, those are good ones. Those are great ones. I like that and probably a good thing for us to instill in our students as we put them through our various degree programs and everything. Well, it has been such a pleasure visiting with you, Andy. I know I've learned a lot from this and I'm certainly sure that our listeners will have as well. So thank you for joining us for the Dean's Executive Leadership Series and for this podcast. We really appreciate it.

Andy Bird: All right, it's a real pleasure, thanks.

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Rick Gibson: Well, that concludes our interview with Andy Bird. Linda, what a terrific interview with him.

Dean Linda Livingstone: It was fascinating. Of course, Disney is such an amazing international company and they're involved in so many different aspects of the entertainment world. So it was really an interesting discussion to hear all that Disney's doing worldwide and to hear Andy talk about what he sees as the challenges and opportunities around the world for entertainment in the years ahead.

Rick Gibson: Well, very good. Well, thank you so much for that. Tell us a little bit about who is next in the series.

Dean Linda Livingstone: We are going to be having Bruce Rosenblum with us, president of Warner Brothers Television Group. He actually speaks on the Malibu campus on Tuesday, January 22nd but we will also have a podcast interview with Bruce coming up along with that presentation.

Rick Gibson: Well, that's terrific. Let me thank you and our listeners for tuning into this edition of the Dean's Executive Leadership Series. Let me also invite our listeners to visit us at our website at bschool.pepperdine.edu/dels. That's d-e-l-s. Thank you for listening.

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