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NOTE TO EDITORS:

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An Open Letter to George Mitchell (835 Words)

Mr. Chairman:

Allow me to put the current Disney crisis in perspective. The situation in which you are now embroiled is not about life-and-death or the fates of nations (as so often has been the case in your noteworthy public service.)

But lest your board dismisses Disney's trouble as "just business," please understand that there's more at stake here than simply making peace with shareholders. You are guardians of an experiential legacy that has touched generations of citizens from all parts of the globe. And only now are we beginning to truly understand that experiential value and what it can mean for *every* organization today...especially your own.

Decades ago, Walt Disney (the man) pioneered a systematic and purposeful approach to designing and managing unforgettable customer experiences. And once-upon-a-time the Disney obsession with this quest was uniformly evident in all aspects of that operation. But the Walt Disney Company is a different animal today than it was even a decade ago; and as one looks back on the Disney brand "extensions" (television, movies, stores, etc.), it seems clear that something fundamental has been lost.

How to bring back the magic? Recognize and return to the brilliant experiential heritage that Walt's genius produced for customers and shareholders alike. Here are a few suggestions:

1. Whether you know it or not, Disney (and every other company) is in the “experience business.”

Walt understood the extraordinary value of orchestrating even the *smallest* “clue” to build a cumulative bond of customer preference and loyalty. **Walt also knew that experience is not a “sometime” thing.** And in the company's heyday, its theme park guests truly felt that.

Although most organizations today still downplay (as “soft stuff”) the importance of customer emotions and feelings, we now know that these emotional connections create bottom-line opportunities – especially as competition increases and differentiation becomes more difficult. In fact, recent studies show that most (more than 95 per cent) of what we process and feel in an experience results from “clues” that are registered in the *unconscious* mind. And managing those clues in a systematic and purposeful fashion is the key to maximizing the perceived value from an experience. Walt knew this intuitively, and it showed in everything he did.

2. At the theme parks, manage the details (“clues”) that set Disney apart.

Your annual meeting showed how clues such as cobwebs on a “Dumbo the Magic Elephant” ride became proxies for assessing the quality of the company's management. A cobweb here, a grumpy (small “g”) employee there, a movie or retail experience that didn't measure up, and stakeholders began to see a correlation with Disney's relatively poor performance against competitors in key sectors. **The Lesson? Every clue counts.**

The public's heightened awareness of Disney's organizational troubles now gives rise to *expectations* of lackluster experiences in other Disney interactions. (If a customer looks hard enough, they can always find *something* that's not quite right. And look they will.)

3. The secret is in how a company's experiences make people feel

about *themselves*. What customers value is how *they* feel in an experience, and *that* value is what they associate with the brand.

Unfortunately, companies often become brand-obsessed ("marking" everything in sight, to influence how people feel about *the company*). But a company-centered approach misses the essence and power of experience value creation (which is always centered on how we feel about *ourselves*). Knowledge of this crucial concept has been leveraged successfully by the Mayos, Krocs, Kellehers and (at one time) Disneys of the world. Sadly, Disney's recent struggles with retail operations is evidence it has lost sight of this secret. **Instead of "Disney-fying" retail ...the company has been too busy "retailing" Disney.**

4. Experience management also extends to analysts, media, employees and

partners. Merely *asserting* transparency in corporate governance practices gives rise to one sort of impression; sending clues that *demonstrate* and *communicate* this openness creates quite another perception entirely. If recent events are a fair indicator, your stakeholders have made no bones about which of these experiences they prefer.

To state the obvious, it's a vulnerable time for this company. And now Disney, once the exemplar, runs the risk of joining the ranks of "has-been" brands littering the commercial landscape.

But it doesn't have to be that way. You can return to the compass, the crucial value proposition that Walt's genius and legacy produced for you:

Experience. **Begin by taking a perspective that begins with stakeholder interests, and work back from there.** Ask: **“How do Disney customers and shareholders want to feel?”** and **“What are the experiences *they* desire for themselves and their children?”**

If Walt's legacy is a reliable guide, these answers will serve you well in setting a new direction for the months and years ahead. As a shareholder, a consumer, a raving fan and student of Disney I wish you luck.

Lewis P. Carbone, Founder & CEO
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Author of *Clued In*, Prentice Hall, June 2004