



Walt Disney at his drawing board.

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Salt Disney suffered a devastating setback in 1928, a blow so harsh that his career seemed about to disintegrate. The twenty-six-year-old animator lost his first successful cartoon creation, "Oswald the Lucky Rabbit," because he had naively signed away the ownership rights in a production deal with his New York distributor. Emerging empty-handed from the debacle, Disney didn't quit. In fact, the man who was called "the most significant figure in graphic art since Leonardo," by the British political cartoonist David Low, learned a great lesson from the early disappointment. Within the year he would take the entertainment industry by storm. Armed with a comprehensive understanding of intellectual property rights, and blessed with a natural genius for creating memorable characters and beguiling fantasy worlds, Disney masterminded a new kind of business empire.

As the head of his own studio, Disney not only used his own imagination but also created an atmosphere in which others could use theirs. He began with Mickey Mouse, the perky character who became an international phenomenon. By relying on a wide range

of children's stories and fairy tales, like Pinocchio and Snow White, and by endowing his own characters with realistic human attributes and emotions, he appealed to adults and children alike. But Disney didn't rely solely on ticket sales for revenue. He mined his creations for maximum commercial advantage and found ways to cross-promote his characters in new media. Then, when it seemed he had fully exploited all existing means of distribution, Disney invented yet a new one: Disneyland.

Walt Disney was a complex man, not merely the genial "uncle" that he seemed to be as the host of his television series. Disney worked himself to the point of exhaustion, and yet he never reached the limit of his ambition. In nearly a half century, he created a corporation unique in both business terms and sociological terms. Disney brought to all of his projects an innate understanding of fantasy, as a means of blurring reality in order to see it all the more clearly. "Fantasy," he liked to say, "—that is, good acceptable fantasy—is really only fact with a whimsical twist."

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Walt Disney was

named Elias and Flora Disney of ^chicago. The

Disneys also had a daughter, younger than Walt. The father was a restless and ornery man. When he moved the family to a farm in Missouri and proceeded to drive his boys like hired hands, the nllder, tjflj, rnn, away. Tlig, fam^, (g, [gjjm, {ift£r fbim-yeaES. and the Disneys moved to Kansas City, where Elias bought a newspaper distributorship and enlisted the cemaining, bovs, Ro y...ao.d Walt, as paperboys. fi^h, -nf^-, t-hp.m..werr; i not occasionally—as the practice of discipline might have indicated in the years around 1910—but often, as often as Elias lost his temper. Flora comforted her boys and they comforted each other, but,

Disney's childhood, blessed with
e... farm. aflj, n a, [the family house in

^deeply scarred by the tygan ..fflo^s of his father and the thjj.L.each of his older_ brothers.^ft.....mr-''~*~*~*

As the man who would turn childhood into a veritable commodity, Walt Disney often referred to recollections of hi.s own early fenrs and joys. Like many lonely children, Wfllj, passed idle hours crenatinj^jmiagU

friends with pen and panel. When the family moved to Chicago, he found an outlet for this apparent talent, when he became the junior art editor of the McKinley High School newspaper. He began to realize that doodling could be more than simple whimsy by bartering caricatures for free haircuts. Meanwhile, America had entered World War I on the side of the Allies. At the age of sixteen, Disney .y olu n tee red as wirh rfofr A^m-ar-^f-ani Rpd-^tosfi-A,mLii|ancP -Cf)T^s- The

flfiib^2! reac^ed. .France, so he drove more trucks than ambulances, But once he settled into regular duty he continued to o, d j r d j r a w j g 3 r j a a D i for rhr flmii sp mr nr nf lvi s fp || gws _____

After the war, Disney returned home to Chicago and eventually ^ansas City, _ wher,e his older, broihex. Rov was working as a e tried tg make 3 career as a r.arropni.sr, but after he was rejected for a job at the Kansas City Star, he opted to become a graphic artist for a local advertising firm, Pesmen-Rubin. At the same time, the eighteen-year-old began to take great interest in animated films, a new medium about to explode with the sudden popularity of a character



called Felix the Cat. In

as a, \$4.00-a-week illustrator

made cartoon advertisements that were screened in
New York. However, to use the basic tool of animation, the stop-action
camera, which captured a series of drawings to create the illusion of
movement.

As Disney learned the fundamentals of film animation, he realized that he
had little desire to make cartoons just to sell products. Having seen Felix the
Cat, he wanted to use his talents for pure entertainment. At both Pesmen-Rubin
and Kansas City Film, Disney worked with another artist, Ubbe
Iwerks. Iwerks and Disney founded their own company, Laugh-
O-Gram, to make short animated films. Rather than create new characters, the
animators took story material from well-known children's favorites like
Goldilocks and the Three Bears. But their distributor went bankrupt even before
they could release their first film. Then Disney began to explore commercial
applications for some of his
other ideas. He thought, he'd invented an original variation on anima-
tion where a real person is turned into a cartoon. Though the technique
had, in fact, been used before, it led to the first commercial acceptance
for a Disney-Iwerks film. Disney began making Alice's *Adventures*, in
which a child actress appeared in cartoon surroundings. Even though he
ran out of money before he could complete the film, Disney had glimpsed
his future.

Walt Disney left Kansas City for a place where he had heard
young filmmakers could find financial backing for their projects: Hollywood.
With \$40,000 and an unfinished script for *Alice's Adventures*,
Disney boarded a train headed for Los Angeles. When a fellow traveler
asked about his intentions, he said, "I'm going to direct great Hollywood
motion pictures."

Disney's dream was not far-fetched. Hollywood's burgeoning industry
needed talent, and the price of talent was more than imagination,
and it was difficult for Disney to get his foot in the door.
Upon arriving in Los Angeles, he lived with his uncle

Robert and made the rounds of the studios, quickly finding out, though,
that great directors were not necessarily hired off the street.

Without work, Disney did what he'd done under the same circum-
stances in Kansas City: He became an entrepreneur. As he put it, "Wile-")

assess: he is a sharp businessman who was living in Los
Angeles, recuperating from tuberculosis; and he wrote to Margaret Winkler, a successful distributor based in New
York, claiming he had "just discovered something new and clever in
animated cartoons! . . . a new idea that will appeal to all classes and is
bound to be a winner . . . a clever combination of live characters and
cartoons." Winkler watched Alice, offered suggestions for what there was of
it, and encouraged Disney to finish it. With that, he and Roy set up an
animation studio, Disney Brothers, in Uncle Robert's garage. In
1923 Winkler ordered six *Alice* movies, at \$1,500 each, and Disney was
truly in business. Once the series was launched, Ubbe Iwerks also joined
the new venture, at first as a contract cartoonist.

After completing the *Alice* films, Disney married Lillian Bounds,
a distributor. Margaret Winkler, also at about the same time, and she handed over control of the distribution
company to her husband. He worked with Disney
to create a recurring cartoon rabbit, like Felix the Cat. Walt sketched
a bunny, and Mintz named it "Oswald the Lucky Rabbit." Though
Oswald became the basis for a series of well-received "shorts," Disney's
success was itself short-lived. In his next venture, he had agreed to
start a new company,
and Disney went to New York. He laid out a stark
scenario and Universal owned the rights to Oswald, and he had
already talked to a cadre of Disney's top animators about jumping ship
work. The distributor literally cut Oswald's creator out of the
picture. Burned by this experience, Disney made a vow: "Never again
will I work for anybody."

MIMICRY

After the showdown with Mintz, Walt and Lillian Disney wearily boarded a train for the ride back to California. As the ears churned westward, Walt realized that his new-born studio would quickly dissolve unless he invented a new character. His thoughts quickly turned to mice. "I do have a special feeling for mice," he liked to say later. "Mice gathered in my wastebasket when I worked late at night. I lifted them out and kept them in little cages on my desk. One of them was my particular friend."

Back in California, the first sketch that Walt produced of a new mouse character looked too much like a caricature of himself, so Ubbe Iwerks worked with him to produce something cute—something, it turned out, like Oswald with mouse ears. They decided to name the rodent Mickey Mouse. The first film to star Mickey Mouse was a cartoon entitled Ukita XJvi*¹, which depicted Mickey's misadventures in an airplane, and cost \$1,800 to make. It was quickly followed by X'Jid!^{10/11} Jfiiidw—But it was the J2r4Jidid^v.»MQaa>E]in», i.e. eflm.fc'boat Willis., that would change animation forever.

After the Qc_o^r.J]E2^rjremiere of *The Jazz Singer*, the first film to synchronize sound with action, Disney was convinced that Mickey would have to be heard as well as seen. If Al Jolson could speak in film, then so could Mickey. Because Disney insisted on making the sound mesh perfectly with the action, *Siegunhocit Willie'* became an elaborate affair; Pj^ne^J, ixsdJliul.LP^chestra to recordjhe music, and the sophisticated

The

com-

pany was running out of money and Walt had to sell his beloved sports car. But Disney was prepared to gamble. "I think this ls^Old Man Qpp:>r-v tuni y rapping at our door," he wrote to Roy from New York. "Slap a big mortgage on everything we got. and Jej,'sj>g.,.B.fter this ,thin». in the right manitfiL" Sl&wnkoat Wj][iE,xoSL,about,\$ii^QQQ.,tq.produce but the investment proved worthwhile. Oi\ NjjxCUil)JLiU.-iiS,-j]iy^Hj^4 when it premiered in New York as the opener for the movie *Gang War*, a coinmer-

cial giant roared—or, rather, squeaked. When the world first listened to Mickey Mouse's high-pitched dialogue, it was Disney himself they heard, providing the rodent's voice in a falsetto pitch,

With the help of a smart press agent, Mickey Mouse was an overnight success, receiving rave reviews from reporters who were specially invited to the premiere. Mickey soon became a national fad, and not merely with children. With the success of *Swambocut Willie*, Disney was in demand. He began turning out new Mickey Mouse features at the rate of one per month. Several studios, including Universal, wanted to handle Disney's distribution or even to buy the company outright. But Disney, who often worked himself to the point of exhaustion, wasn't interested in being acquired. "I wanted to retain my individuality," he said. He tried to get around the studio system and distribute his cartoons to independent theaters, but he found that while Mickey was making a fortune, little money of it made its way back in Disney.

Finally, in 1929, seven years in Hollywood, Disney cnjMjult.C.d. ami, made a deal with a studio, siuninu_u.....\$7,00.Q,-per-lilm distribution agreement with Columbia Pictures; the two parties divided the money, but Disney kept the copyrights. "Mickey Mouse to me is the symbol of independence," he said in 1948. "Born of necessity, the little fellow literally freed us of immediate worry. He provided the means for expanding our organization in its present dimensions and for extending the medium of cartoon animation toward new entertainment levels."

MIMICRY (IK INTO POWMOUK)

Columbia distributed Disney cartoons worldwide, and in 1930 the mouse became an instant worldwide phenomenon. Italians referred to him as *Topolino*, in Spain he was called *Miguel Ratoncito*; in Sweden, *MKJSC Pigg*—"Sometimes I've tried to figure out why Mickey appealed to the whole world. Everybody's tried to figure it out," Disney said in 1961.

"So far

as I know, nobody has. He's a pretty nice fellow who never does anybody any harm, who gets into scrapes through no fault of his own, but always

It wasn't long before Disney realized the potential of his creation beyond the silver screen. Given the star's popularity, a host of companies were eager to help market Mickey. But Disney had his own ideas. At a time when "multimedia" had yet to enter the lexicon of American business, Disney grasped its essence, and he immediately moved to boost the mouse's image and widen his exposure. She published *The Mickey Mouse Book*, and it sold 97,938 copies in its first year. He also entered an agreement with King Features to develop a Mickey Mouse comic strip that in turn led the company to encourage the proliferation of Mickey Mouse Clubs, which had begun to sprout up in the United States and abroad.

The cartoon rodent seemed to possess star quality and, as a result, Mickey became a celebrity endorser. In 1932, Disney hired New York businessman Kay Kamen to figure out ways to mine Mickey's commercial appeal. While licensing products and technology was a relatively common practice, Mickey rapidly rode the concept to new heights. Kamen's first act was to license the National Dairy Products Company to make Mickey Mouse ice cream cones; the company sold about 10 million cones in the first month.

By the end of 1932, companies ranging from RCA to General Foods were helping to sell the mouse, and Disney generally received about 5 percent of the wholesale price of the licensed products. Within Kamen's first year with the company, his deals had netted the company about \$300,000, or nearly one-third of its revenues. The most enduring product of these early agreements was the *Mickey Mouse Watch*; Introduced by the Ingersoll-Waterbury Company in 1933, it sold 2.5 million watches in its first two years.

Old Man Opportunity, whom Walt had heard knocking with the first Mickey Mouse talkie, seemed to be kicking the door down as the series took off. In response, Walt Disney tried to do too much: turning

out a new Mickey Mouse film every month and exploiting business opportunities on all sides. He had a nervous breakdown and was found unconscious by his wife. When he returned to work after a long vacation, Disney was more obsessed than ever with building the company.

Increasing revenues in the early thirties enabled the Walt Disney Studio to invest in improving the quality of animation. While his licensees churned out merchandise based on his characters, Disney made it clear that his films were not mere commercial products, but a new art form. Thus, in 1933 his studio became the first to use its own animation methods. Procuring the latest in film technology, he gave them the highest quality materials with which to work. That same year, Disney released a film called *Flowers and Trees*. Set to the music of Schubert and Mendelssohn, it was the first cartoon ever filmed in the new process of Technicolor, and it won the first of forty-one Oscars the studio would receive in Disney's lifetime.

The heightened quality coming out of the Disney Studio was apparent in the new series called *Silly Symphonies*—produced on the concept that dialogue was barely necessary if music was used effectively in a cartoon. In 1934 the Silly Symphony movie called *The Wise Little Hen* introduced Disney's second most enduring star: Donald Duck. The commercial success from Mickey Mouse proved to Disney that he could compound profits by creating even more proprietary characters. So he and his artists developed an ensemble "cast," including Donald Duck and other characters. To support the growing roster, Disney boosted his payroll to 187 by 1935. Since he saw his studio as an "idea factory," size was an advantage. "We can't run out of story material," said Disney, who worked cheek-by-jowl with a cadre of writers, drafts people, and composers. As our creative organization grows in size and its individuals grow in ability, the flow of ideas will increase in volume and quality.

Despite the proliferation of new characters, it was clear that Mickey was still first in the heart of the boss. Walt Disney mounted a big Mickey

Mouse clock on his office wall and put an imprint of the mouse on company paychecks. And the man who provided Mickey's voice spoke of his creation as if he were a human being. "The little fellow seems to make no distinction of national boundaries," Disney said in 1935. "Indeed, in Japan, where he was known as Miki Kuchi, the mouse was the most popular figure other than the emperor. And as Mickey's creator, Disney himself became a celebrity. When he traveled to England in 1937, he met H. G. Wells. The following year, he received honorary degrees from both Harvard and Yale. At times the line between the creator and the star was so blurred, it disappeared altogether. When Disney accepted an award from the League of Nations in Paris, he even spoke in the voice of Mickey Mouse.

In 1934, Disney decided to do something that nobody in Hollywood had ever done: make a full-length animated film. The subject was to be *Snow White and the Seven Dwarfs*. Disney took animation to a new level of sophistication with a greater sense of reality. For one sequence, he even hired a dancer to pose in costume, filmed her, and then re-created her movements frame by frame. Originally budgeted for \$250,000, the film's costs quickly multiplied, in large part due to Disney's exacting standards. The animators drew some 250,000 separate pictures, while cinematographers employed a new multiplane camera that used layers of background to create a more lifelike setting. As the total budget surpassed \$1 million, Disney's chief creditor, the Bank of America, grew jittery. The undertaking became known as "Disney's Folly," drawing the scorn of a chorus of naysayers. "It was prophesied that nobody would see it through a cartoon an hour and a half long," Disney remembered. "But we had decided there was only one way we could successfully do *Snow*

White. It was to go for broke, shoot the works. There could be no compromise on money, talent, or time."

Snow White and the Seven Dwarfs debuted on December 21, 1937. "All the Hollywood brass turned out for my cartoon!" Disney exulted. Across the country, audiences flocked to the theaters. *Snow White* quickly earned back its costs, grossing \$8.5 million in its first release. (It has returned to theaters at regular intervals ever since, toting up even greater returns.) In 1939 the production received a special Academy Award, one large statue surrounded by seven smaller ones, presented by Shirley Temple. Once again, Disney did not allow the film's commercial appeal to be limited to theaters. The film featured several catchy songs, including "Whistle While You Work," which were marketed as single records.

Buoyed by their success, Walt and his brother Roy, who was the vice president of Walt Disney Productions, decided to spend \$100,000 to buy fifty-one acres in Burbank, California. They built a sophisticated new animation studio on the property, which Walt liked to call "the house that *Snow White* built." It was planned as an ideal work environment, according to Walt's many theories. Among other things, he liked trees, small rooms, and tables (rather than desks); the overall effect was of a village, but a very busy one.

Disney, who insisted on being called Walt by all his employees, closely supervised the creative work, though he hadn't made any drawings himself since the mid-twenties. The atmosphere he created at the studio was supportive—without being congenial. He let his creative staff members come and go without set hours and provided them with new equipment and the best supplies. And yet Disney was feared too. "One day I boarded a studio elevator en route to the third floor," Disney writer Charles Shows wrote in his memoirs. "Unexpectedly, Walt stepped into the elevator with me. Fearing I might say something he didn't like, I punched the button marked '2' and lied through the doors the moment they opened—a whole floor short of my destination—just to get away from the Boss."

At this new campus-like studio, Disney devoted his full attention to making animated features. His **second** full-length animated film, *Pinocchio*, cost \$2.6 million and was even more elaborate than *Snow White*. Disney had his crew make 175 separate models of Pinocchio before he found one he liked. There were, however, consequences for such exacting and expensive standards. Despite the popularity of most of its films, Walt Disney Productions was heavily in debt by the late thirties, due to high production costs and yet another **hobbling** distribution deal, this one with RKO, and the construction of Disney's Burbank Studio, which cost \$3.8-million. By 1940 the studio had accumulated \$4-5 million in debt. In an effort to reduce this figure, the company plotted a public offering. In April 1940, it sold \$4 million worth of stock.

The influx of funds allowed Disney to pay down debt while helping to finance the production of three new features: *Pinocchio* (1940), *Fantasia* (1940), and *Bambi* (1942). *Fantasia*, Disney's most ambitious feature to date, didn't have dialogue, except as narration between separate segments; it featured speechless cartoons set to classical pieces like Stravinsky's *Kilt' o' Spring* and Mussorgsky's *Night on Bald Mountain*. *Fantasia* cost \$2.28 million and was the **first** feature-length movie in which Mickey Mouse appeared. Sparing no expense, Disney hired the famed conductor Leopold Stokowski to select music and synchronize it with the animation. Though it won critical acclaim, *Fantasia* was not a success at the box office. Neither was *Pinocchio*, nor *Bambi*.

Although none of the movies had been as successful as *Snow White*, they certainly brought attention to Walt Disney's incredible talent and constant innovation. Without pretty princesses or handsome princes, *Pinocchio* and *Bambi* contained disturbing themes and frightening sequences. Some critics even classify *Bambi* as a horror film, in its depiction of the forest and of the animals' fear of hunters and fire. Only in re-release would the three films earn back their production costs and, ultimately, much more. But Disney had attained his dream, in his own way: He was a great director. "It isn't that I deliberately set out to break movie traditions," he said of *Fantasia* in 1940. "But if someone didn't

break loose with new things the movies wouldn't be where they are today. . . . Somebody's got to be a damn fool." L

DUMPING IN W-FI » PM

Before the outbreak of World War II in 1939/about 45% of the income of Walt Disney Productions came from abroad. But the war choked off that flow. In the aftermath of the bombing of Pearl Harbor, the war arrived abruptly at the Disney studio in Burbank, when the U.S. Army confiscated much of the lot to use as a service center in the defense of a Lockheed plant near the studio against enemy attack. For most of 1942 the studio was constrained. After the army left, Disney was overwhelmed with government work, making training and propaganda films. Just as David Sarnoff put RCA's technological capabilities into the service of the nation, Disney applied the fruits of his imagination to the war effort.

Aside from producing animated instructional films Disney made *The Spirit*, in which Donald Duck talked about the need to pay income taxes on time. When Treasury Secretary Henry Morgenthau, Jr. criticized the concept because he had expected to see a more respectable, human character representing Mr. Average Taxpayer, Disney grew angry. "I've given you Donald Duck. At our studio, that's the equivalent of giving you Clark Gable out of the MGM stable," he said.

During the war, Disney also created comic insignias for different military units. "It was here that we learned the true meaning of diversification," he said. And on 11/11/1944 **MI** Mouse was one of many official passwords. The character had become so fully integrated in the national popular culture, even the war needed him.

One commercial entertainment feature the studio made during the war was about bombers, *Victory through Air Power*. As a cartoon feature, the subject did not appeal to the war-weary public. When the market for wartime instructional films petered out with the end of the war, the studio was deeply in debt. Disney decided to produce a new type of live-

action documentary, as entertainment, in addition to a lineup of new cartoon features. With wild animals in the starring roles, the documentary films in the "True-Life Adventure" series were cheaper to make than animated productions. In 1948, the year in which the 5 millionth Mickey Mouse watch was sold, Disney introduced the first in the series, *Seal Island*. The film, which portrayed the lives of playful seals in Alaska's Pribilof Islands, won an Academy Award for best documentary and was a surprise hit at the box office. Disney quickly followed up with a series of thirty-minute nature documentaries.

As of 1953, Walt Disney had been in Hollywood for thirty years. Famous for having raised animation to true art, Disney was admired by filmmakers and applauded by parents. Children, of course, loved "Disney," and the great storytelling that the word itself came to represent. But Walt Disney Productions was still only scraping along financially. One step in the right direction was the establishment in 1953 of a distribution subsidiary, called Buena Vista, to replace the flagging relationship with RKO. In-house distribution worked efficiently for Disney and, for the first time, the studio could actually keep the money it earned in rentals.

In the mid-1950s, Disney began to sell, into a rapidly developing new distribution channel: television. After making several experimental television shows, Disney signed an exclusive long-term contract with ABC in 1954, becoming the first leading Hollywood producer to do so. The *Disneyland* television show, hosted by Walt Disney and featuring cartoons and nature films, premiered in 1954. The Disney magic worked wonders on the small screen: In its first season, the show scored an astonishing 41 rating on Nielson's meters, meaning 30 million of 75 million possible viewers tuned in. The following year, Disney created *The Mickey Mouse Club*, a new television phenomenon that appealed to young children and adolescents alike. Aside from making stars of child-actor Mouseketeers like Annette Funicello, the show helped boost sales of licensed Disney products. At the height of the show's popularity in the mid-1950s, Mickey Mouse ears sold at a rate of 25,000 sets a day.

THE MERRY-GO-ROUND IDEAL IN FILM

With everything he did, Disney offered a piece of his fantasy world to his audience. But he wanted a way to truly bring his vision to life. In an audacious departure from his media-based entertainment, he was determined to build a theme park. He conceived of the idea while watching his two daughters play on a merry-go-round. "I felt that there should be something built, some kind of family park, where parents and children could have fun together," he recalled. In a 1948 memo he first described the prospects of a Mickey Mouse park. After commissioning the Stanford Research Institute to conduct a study on the ideal setting, he bought sixty acres of orange groves in Anaheim, twenty-five miles south of Los Angeles near the Santa Ana Freeway. His studio, controlled in part by Roy and other important stockholders, was hesitant to cooperate, and so Walt started a separate company to plan the venture, Walt Disney, Inc., and poured his life savings into launching it.

Once again Walt Disney's vision ran ahead of the business sense of his Hollywood colleagues. He found it difficult to find backers for the project, which was slated to cost \$5 million and would eventually cost \$17 million. "It was hard for anybody to visualize what I had in mind," he said. "I wanted to do all the basic things amusement parks do, but in a new way." As part of the television contract, ABC had agreed to invest \$500,000, but extracted a 35 percent equity stake in return.

As Disneyland took shape, however, companies began to realize the commercial possibilities of the theme park and paid either to obtain concessions where they could sell their own products or to have their names associated with certain rides for the sake of public relations. The money was crucial, because construction of the park went over budget.

When the fantasyland opened on July 17, 1955, complete with live-television coverage, it was an instant sensation. In the first week, over 170,000 visitors lined up the one-dollar admission for adults and the fifty-cent ticket for children.