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And now a word from Michael Eisner...

By Paperitalo Staff

Michael Eisner, the recently retired chief of the Walt Disney organization, is one of those people that is either loved or hated.

Recently, however, he made a statement that objectively rings true, regardless of your feelings for him. The setting was an interview on a popular TV business channel here in the United States, where he will soon take the microphone and host an occasional interview show with business executives. Paraphrasing, he said to the effect, "Today's business leaders are often just stewards of the business, they do not have the pizzazz of the creative people who founded the businesses they now run."

To that I say, "Correct."

The system we have today is a system that is dictated by the people who furnish the money: stockholders and bankers. This is not much different than it has been for a couple of hundred years, except that today's crowd is the most risk adverse in history. They want high returns and no risk, but who doesn't?

When one considers the financiers, the litigation risk, the political correctness (brought on by fear of boycott) and so forth, we have the management we have sought (for are not most of us stockholders these days?).

But go back to the example of Disney. Walt and Michael both made some very unique contributions. Walt bet the company 50 years ago, in 1955, to build Disneyland for the unbelievable sum of \$25 million. This was a bet on something that no one had any idea if the first patron would visit-a tremendous risk. Mr. Eisner, on the other hand, figured out in the 1980's that Disney was not charging enough for entrance fees to the Disney theme parks. He simply kept raising the price until it appeared that attendance was being affected.

Both men took risks, but the level of risks was quite different. Yet, on a percentage basis, Mr.

Eisner was hugely rewarded, far beyond the level of risk to which he exposed the company. Congratulations, Mr. Eisner, but you were overpaid.

We have similar conditions in our industry. The pioneering papermakers took huge risks in technology, markets and so forth. Today we have stewards of the assets, stewards that are hired and kept in place to preserve assets, not take risks. And many are overpaid.

Someone once said if you are not advancing, you are declining. That is the condition our risk adverse industry of today faces. What is labeled as risk today is a mere calculated bump in the road as compared to the risks our industry's founders took. The low risk stewardship philosophy is killing our industry, just as surely as it has already killed others.

I spoke of risk taking a couple of weeks ago and you may hear it again several times this year, for I firmly believe the path to real success is careful negotiation through the mine field, not on the easy expressway.

For safety this week, if you or others working with you use hand tools, be careful with them. The accidents they can cause may not be life threatening, but they are painful and debilitating.

Be careful and we will talk next week. ##