1. From 1923 to 2000, the Walt Disney Company was able to amass an abundance of resources and capabilities that have created a competitive advantage. Disney characters and historical presence became vital resources for the company [1]. Similarly, strong corporate diversification and emphasis [1] on synergy and creativity, continuous improvement and first to market innovation were all resources that Disney excelled in and that helped skyrocket revenue from $1.65B to $25B between 1984 and 2000.

The VRIO framework [2] can help identify which resources were instrumental in forming a competitive advantage. Comparing Disney to other firms, most of its resources have been rare. Few firms have a history and cast of characters that so strongly permeates throughout society. Also, the unique culture (ie. executive grassroots training) allowed Disney to manage creativity and synergies uniquely [1]. While diversification itself is not rare, the acquisition of ABC, which brought in TV and cable networks, TV and radio stations, newspapers and periodicals made Disney the largest entertainment company in the U.S. [1]. This diversification combined with the ability to manage synergies was rare. The adoption of business systems such as Lean in the 90s [3] made the continuous improvement capability common. All of the remaining resources are inimitable except for managing creativity which is something that firms could easily imitate.

Finally, Disney organizes these remaining assets in order to create and capture value. The characters, history and managing synergies combine to increase customer willingness to pay. Conversely, diversification and integration is risky as Disney had issues post ABC acquisition due to the size of the company and differing operating cultures between business segments [1].

2. Of the various business ventures of Disney, media networks, theme parks and resorts, and consumer products were practical decisions to execute and pursue. Media networks provided

Disney with worldwide distribution outlets for their products exemplifying the corporate strategy of forward integration. The diversification of intangible assets (ie. branding) resulted in an increased buyer's willingness to pay. For example, in 2000, ABC spent $9 billion for the rights to air NFL games from 1998 to 2005 [1]. The geographic expansion promoted brand exposure to untapped markets. Secondly, theme parks and resorts created and captured significant value for Disney due to their profitable longevity. Similar to ABC, the theme parks provided vertical integration, unrelated diversification and geographical expansion, creating value. For example, the theme parks generated $6.8 billion of revenue in 2000 [1]. Finally, consumer products provided a complementary revenue stream to Disney. As an example, as of the 2000s, Lion King consumer products have generated over $700 million in net income [1]. The horizontal integration and unrelated diversification into toys and collectables translated into the vertical integration of sales and marketing businesses, and expanded the brand internationally. In order to effectively manage product portfolio, vendor relationship and cost, Disney reduced the number of products by half in 1999 [1].

Conversely, studio entertainment and internet direct marketing were non-practical decisions. In the case of studio entertainment, Disney Channel, a substitute within the organization, concerned executives when it became competitive enough to influence the demand of the core businesses. The risk associated within a large corporation where products are substitutes and not complementary is concerning as it counteracts diversification [1]. Secondly, internet and direct marketing should be considered failures. E-commerce was virtually non-existent in the early 2000s. Additionally, Go Network failed as a result of expanding into a new industry without adequate skills, thereby, unable to overcome the high entrance barrier caused by existent rivals.

3. Disney's strategy is to provide a broad product portfolio that differs from its competitors. It provides differentiated family entertainment and interactive media to a wide customer base. Eisner prioritized corporate synergy and aimed to maximize it through M&A, as it would have been difficult to achieve with contracts. In addition, most product/services Disney provide are intangible, and contractual arrangements will not work as the value recognition is difficult without a merger [4]. Overall, Disney's decision of 'acquisition' aligns with its plan to provide family entertainment on multiple platforms, and improve the competitive advantage.

Acquisitions had synergistic effects, such as incentive cost and cross-selling benefits. The merger of Touchstone into ABC reduced costs by $500 millions per year [1]. This type of business integration also decreases competitors in the industry by gaining access to a larger market share. The purchase of media production companies increased Disney's 'economies of scale [1] and their market power. In addition, centralized businesses are more flexible when corporate strategy changes or evolves. The opportunity cost of re-negotiating long term contracts would be high.

However, without a well-defined brand strategy, M&A makes brand management more challengings. Overpaying for companies is also one of the disadvantages of choosing acquisition. The deal of buying CapCities/ABC cost Disney $19 B, turning it into a company with a 34% debt ratio [1]. If the acquisition failed, it would be a detrimental financial burden and maybe avoidable with a long-term deal. In addition, organizational fit can be an arduous process and sometimes make the acquisition fail. While the strategic fit is relatively clear cut, the organization fit is more subtle and qualitative. There is no clear, standardized business model or analysis for this, which makes the acquisition more challenging [5]. As a result, a clash of different corporate cultures can happen and create an inefficient work environment, which could be avoided using a 'long-term contract'.

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