

Strategic Planning For Pixar

Posted on September 28, 2018

Executive Summary

This report is focused on the need for strategic management that Pixar, as the leading animated art industry, has to follow. It will investigate the issues that led to the decline of the company in the film industry and the factors that caused this decline. Furthermore, it will investigate the possible solutions that can help Pixar regain its name in the movie industry. It will also compare its business statistics in the past with the current number of movies and the revenues it collects per year from these movies.

The research was done on the problems in Pixar's strategic management and how they decreased the company's per-year revenue, revealing that the financial stability of the company depends on the level of creativity and amount of new technologies in their movies. The company, which previously had a strong motive to ensure quality in its movies, ignored the importance of quantity in generating profits and suffered because of its rigidity. The research describes how Pixar can formulate its strategy by increasing creativity while maintaining storyline and interest factors in the movies and introducing new technologies like 3D and CGI to sustain the interest of the viewers. The case study describes Pixar's initiative towards the introduction of new computer animations in their movies and how they tried to increase creative components by using special software and computer systems, an initiative taken by Steve Jobs. It also describes how Pixar faced a lot of competition, and the company took necessary measures to deal with competition while ensuring quality (O'Neill, Beauvais, & Scholl, 2016).

The possible solutions for the problems Pixar is facing are provided in this report with the support of SWOT analysis, and the recommendations are given that suggest an increase in creativity and productivity as well as new technologies in upcoming movies by Pixar.

Pixar's Downfall

The Pixar case study was written by Jamal Shamsie and Alan. B Eisner describes the progress of Pixar Animation Studios and the problems they faced in achieving their goal. The company faced two major problems at the start; the first and biggest problem was the need for strategy formulation, and the second one was a lack of human capital. The company, in its initial days, faced many problems due to its lack of strategic planning. The company faced mismanagement and setbacks because of a lack of good leadership. Due to this lack of leadership, the company delayed the production of its movies, and the company's name in the movie industry was affected. In the first 10 years after the company's formation in 1975, the company did not have an idea of what strategy to adopt to make its place in

the movie industry, which had no existence of full-length animated movies by that time. Another problem that the company faced was the market situation at that time. Many competitors entered the industry, and Pixar's value decreased as they did not improve their ways and pace in the foregoing industry. The lack of strategy for the market adversely affected their progress and decreased their market value. In this assignment, we will perform an analysis of the problems and provide the strategies to possibly solve the problems. We will discuss the implementation of the strategies and provide recommendations for the case (O'Neill, Beauvais, & Scholl, 2016).

Analysis Of The Issues

The problems faced by Pixar were their decrease in market value which was due to their lack of formulated strategy for the future and lack of good leadership. The downfall was visible in their decrease in revenues. John Lasseter was more focused on quality rather than quantity, and in his opinion, the time taken to produce good money is worth the wait and risk, rather than to produce a movie that is bad in quality and is disliked by viewers. This problem became the cause of their initial delay in the release of "The Good Dinosaur." When Steve Jobs bought the company, he formulated new strategies for the future, but his death caused another setback for the company as Jobs was the main thinker and planner of the whole company (O'Neill, Beauvais, & Scholl, 2016).

Strategic Planning For Pixar

To provide solutions to the strategic management strategy, we present our methods of strategy that Pixar can use to make its place again in the movie industry. We take help from marketing communication and distribution strategy by Bacile, Ye, and Swilley. This marketing strategy allows companies to perform market research and develop their communication with the target market, ensuring that this target market is satisfied with the product. This type of communication attempts to persuade the target market by judging their interest in the product and how they want the product to be. For this purpose, Pixar has to understand the interest and target market of their movies and which new technologies are liked by the viewers. To improve the quality of their movies, product research is essential, as there are many other companies that have entered the field. Pixar has to develop its product strategy after the downfall of the company because of the absence of good leaders (Artinger et al., 2015; O'Neill, Beauvais, & Scholl, 2016).

Solutions

Our proposed solution for the [downfall of Pixar](#) includes improved market research and improvement of product quality as well as possible advancements in the industry. The first solution to the problem is an improvement in quality. John Lasseter's view of the best quality was no doubt in favor of the company but it decreased the obtained revenue of the company. The solution to this decreased

revenue is that the company has to understand the needs of its target market and pick up the pace to produce more movies. The competitors of Pixar, Viacom and NBC Universal, are producing more movies per year, whereas Pixar focuses on quality with too little concern about quantity. The second best solution can be to modify the product, which can make Pixar stand out in the competition (Artinger et al., 2015).

SWOT Analysis

Given below is the SWOT analysis for Pixar.

Strengths	Weaknesses
• Diversity in products • A good team of digital artists and motivators • Introduced computer animation movies • Backup support for McDonald's and Apple Inc.	• No advancement in movie quality in terms of technology • Less amount of movies are produced per year • No target audience research
Opportunities	Threats
• New video and social platforms for an increased marketing campaign (YouTube and Facebook) • 3D and CGI technologies • Can use new methods of movie subscription • Can use famous celebrities to improve promotional strategy	• Continuously advanced technologies • High Cost of Animation • Piracy of movies • Costs for using new technologies

We can see that less number of movies produced per year is one of the factors affecting negatively for Pixar and resulting in a decrease in revenue. Pixar needs a constant increase of creative material and new technologies in their movies as creative material keeps the interest of viewers in movies and encourages them to watch other movies too when their last experience with movies is good. While making more movies per year Pixar can keep the interest of their market linked to their movies and can generate more revenue from the increased number of movies. The second solution to improve their technology in movies is a clear need for time. Competitors are using new technologies like 3D and CGI in animated movies to provide a more real experience of animated movies (Artinger et al., 2015; O'Neill, Beauvais, & Scholl, 2016).

How Pixar Can Achieve Its Lost Legacy

The implementation of these solutions needs improvement in Pixar's creative program. Pixar already has a team of creative designers of stories, visualizations, and art, but the problem that needs a solution is the continuous improvement of creativity. We can see that the number of movies Pixar produces per year has decreased to two, which was initially ten. Pixar can find new professionals and creative people to brainstorm and produce new ideas for stories in less time and a team of professional artists and simulation designers who can shape the script, story, and digital art into the best movie with better efficiency (O'Neill, Beauvais, & Scholl, 2016).

Introducing new technology in movies can be a hectic and risky thing in terms of Pixar's economic structure, but we have seen that new technologies like 3D and CGI are liked by the viewers, and people want more movies to come that have improved picture quality and provide real experience. Increasing the number of movies per year with improved and new technology will provide the following benefits to Pixar:

- Increased viewer interest in Pixar movies.
- More movies will generate more revenue per year.
- New technologies will ensure a positive viewer response.
- Creativity and new ideas will increase the popularity of the company.

Conclusion

In short, the need for Pixar to regain the name it had several years ago requires improvement in its creative program. Pixar, which once was the number one animated arts industry due to its lack of strategies for the future and rigidity for ensuring quality, reduced the number of movies it produced every year and decreased its revenues. With the introduction of new technologies and new competitors in the animation industry, the need to formulate new strategies for Pixar has become inevitable. Therefore, to regain its position in the industry the company has to show flexibility towards the change and learn from its mistakes if they want the survival of the company among gigantic competitors (Artinger et al., 2015; O'Neill, Beauvais, & Scholl, 2016).

Lack of Human Capital, Strategy, and Market Share

(Decrease in film selling and lost market due to this)

Market Share

(Lost market share)

Strategy Formulation

(Pixar had no strategy to take forward)

Managerial Skills

(Company lacked management and skills needed)

Reasons

How did this happen?

Death of Steve Jobs

Lack of proper aim

Hard competition

Management roles undefined

No senior management

Lack of management skills

Solution?

No quality films are produced.

The company lacked employees for the management roles

Solution?

The company needs to introduce new technologies to stand out in the competition.

Solution?

The number of movies per year should be increased

The income started to decrease with time.

The company needs to hire creative staff who can work with speed and efficiency.

References

Artinger, F., Petersen, M., Gigerenzer, G., & Weibler, J. (2015). Heuristics as adaptive decision strategies in management. *Journal of Organizational Behavior*, 36(S1).

O'Neill, J. W., Beauvais, L. L., & Scholl, R. W. (2016). The use of organizational culture and structure to guide strategic behavior: An information processing perspective. *Journal of Behavioral and Applied Management*, 2(2).

Pradhan, R. P., Arvin, M. B., Hall, J. H., & Bahmani, S. (2014). Causal nexus between economic growth, banking sector development, stock market development, and other macroeconomic variables: The case of ASEAN countries. *Review of Financial Economics*, 23(4), 155-173.