Masters of Scale Episode Transcript – Bob Iger Part 1

“Disney's Bob Iger: Building a Magical Ecosystem, part 1”

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> **BOB IGER:** We had 10 years of rough stuff. Just happened. And one could look back and try to figure out why, and there's no sense doing that today. There's no value in it. But I had to fix it and fix it fast.

REID HOFFMAN: That’s Bob Iger, and the “we” he refers to is the Walt Disney Company. Since its founding in 1923, Disney has presided over not one but two Golden Ages of animation, from *Cinderella* to *The Lion King*.

But in the early 2000s, computer-generated animation threatened to overtake Disney’s classic, hand-drawn style. Leading the charge was Steve Jobs’ Pixar.

> **IGER:** You just have to look at a Pixar film, and you see what technology has done to the quality of those films.
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> There was a sense of urgency. So in my first board meeting as CEO, I said to the board, “The first thing I have to do is fix Disney Animation. Turn that into high quality branded content again.” And when I laid out the best way to do it, all paths lead to Pixar.

HOFFMAN: Bob was Disney’s brand-new CEO, replacing the legendary Michael Eisner. But he didn’t yet have the board’s trust.

Bob could sense an oncoming crisis. Not only was Disney bleeding market share to Pixar, they also didn’t have the luxury of making enemies. Disney was also acting as Pixar’s distributor at the time. And Disney’s relationship with Steve Jobs was fraying.

> **IGER:** And I said to the board, “Well, not only do we need to preserve the relationship with Pixar, we should buy them. The problem is they're probably not for sale, and if they are, they'll be a fortune.” And there was silence in the room.

HOFFMAN: It was a critical moment for Bob. If he could pull it off, it would buy him trust from the board, as well as a massive market advantage. If he failed, it would expose Disney as newly vulnerable in a category they had dominated since their founding. It would almost certainly antagonize Steve Jobs, right when it was really important not to do that.

> **IGER:** After a two-hour discussion about it, the board gave me the yellow light, which is: “You can't go out and buy it – but we're not saying no.” I was actually kind of shocked, brand new CEO. Some of them on the board voted against me. And not only weren't

sure about Pixar, weren't sure about me. And so it led to my calling Steve, which is so funny, because I was very nervous.

I was in my car. I remember it was a warm evening, and I had the windows closed because I was on the phone. I had stopped. I had actually arrived at my house when I got him on the phone. I was sweating.

I got him on the phone and I said, “I have a crazy idea for you. Would you mind if I come up and discuss it?” Well, you knew Steve Jobs. If you said to Steve, you had a crazy idea. He would have to hear it in a second. He wouldn't even have been able to look at his watch. He'd have to hear it. And here I'm thinking, well, I'm going to have the luxury of figuring out what my pitch is in a few days and then going up and giving it to him. He says, “No, tell me now.” I said, “Well, can I wait and organize my thoughts?” “Nope. Tell me now.” So I said, “Well, I think we should buy Pixar.”

And he said in that inimitable Steve way, “You know, that's not so crazy. Why don't you come up and talk about it.”

HOFFMAN: And at the end of a very long meeting at Steve’s offices in Emeryville, it was decided.

IGER: That was in October of '05. And we announced the deal, I think in late January of '06.

HOFFMAN: This would be the first of several blockbuster acquisitions Bob would mastermind on Disney’s behalf. And it would prove to be a success. But what made the merger work was not just an alignment of goals, or even the friendship that developed between Bob and Steve.

Rather, it was giving Pixar the support and resources to grow, while preserving what made them so special in the first place.

I believe that building a global brand to last means turning acquisitions into an ecosystem. The best way for newly acquired properties to thrive is to protect what makes them unique.

[THEME MUSIC]

HOFFMAN: I’m Reid Hoffman, co-founder of LinkedIn, partner at Greylock, and your host. And I believe that building a global brand to last means turning acquisitions into an ecosystem. The best way for newly acquired properties to thrive is to protect what makes them unique.

There’s a classic horror film you might be acquainted with: “The Blob,” in which an alien life form absorbs every living thing in its path, growing bigger and more unruly with every fresh meal. If that sounds like an obvious metaphor for a corporate takeover … well, sometimes that’s what acquisitions look like. One company swallows another, without a trace left behind.

Other times mergers and acquisitions seem more like a sudden arranged marriage. “Congratulations, Mr. Hoffman, here’s your new boss.” “Uhh … I guess I’ll have to make it work.”

But *sometimes*, there are mergers that look more like building a biodiverse ecosystem – where the company that’s acquired doesn’t disappear, but instead, preserves its culture, its methods, and its core talent. It gets to keep everything that made it worth acquiring in the first place, while having vastly greater resources to scale. It will exist as part of an interconnected system … or as a certain Disney film might call it, “the circle of life.”

I wanted to talk to Bob Iger about this, because as Disney’s CEO, he oversaw jaw-dropping acquisitions: Pixar, Marvel, Lucasfilm, 21st Century Fox. Bob has demonstrated a clear genius at understanding acquisitions as more than just corporate sprawl. He saw the need to shepherd and nurture each new property Disney acquired under his leadership. He saw how each would fit into the Disney ecosystem, without diluting or changing what made them valuable to begin with.

And even if you're not looking at mergers as a tool to scale, or looking to be acquired, Bob’s story says a lot about building culture, nurturing talent, and leveraging trust.

And now, gather round, Mouseketeers.

> **IGER:** I can still remember it to this day. My grandparents took me to see “Cinderella” at a big movie theater in Brooklyn. I remember just the beautiful colors in the color palette that Walt chose for that film.

HOFFMAN: As a child growing up on Long Island, Bob’s first impressions of Walt Disney himself reveal just how much the founder thought of his company as more than just an animation studio.

> **IGER:** So I think “Cinderella” came out the year I was born, '51. He brought it out again in '54, '55, which is when I went to see it. Most of Walt's early films I saw on big theaters, even though it'd been made earlier, and it enabled me to develop an appreciation for him. He was a performer too. So he was on TV weekly hosting his own show, and showing us what Disneyland was going to be.

HOFFMAN: Even in the 1950s, Walt Disney was creating more than just a trademark set of Mouse Ears. Walt cared deeply about his legacy, and about how each piece of his growing empire fit into the plan.

There were feature films, like “Cinderella.” That weekly TV show Bob mentioned, known as “The Mickey Mouse Club.” And, there was Disneyland, the theme park Disney would open in 1955.

Every new manifestation of Walt's dream was meant to build love for the brand, not just capitalize on it. And at the time, television was the perfect medium for it, and kids like Bob were the perfect audience.

> **IGER:** I grew up really, as the television generation, born in 1951, small black and white TV in everybody's living room, and saw not only the power of the medium, but what it was like to actually invite people into one's home, whether they were performing or whether they were reading the news.

HOFFMAN: But Bob's fascination with television extended far beyond being an honorary Mouseketeer. He imagined one day taking on a different role on the small screen.

> **IGER:** From an early age, I wanted to be a television news anchorman. Walter Cronkite was kind of the anchorman in America at the time. He was my idol, and that's what I wanted to be.

HOFFMAN: Bob pursued a degree in television at Ithaca College. After graduation, he headed for the nearest studio – which wasn't very far away.

> **IGER:** The job that I got out of college was as a feature news reporter and a weatherman. And it put me on the air five days a week in Ithaca, New York. The funny thing about Ithaca is upstate New York, where the weather can be capricious. And someone said to me that being a weatherman in Ithaca taught me how to give people bad news.
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> So I got a lot out of it, but doing that job, actually opened my eyes to the fact that I might not have been as good as I had hoped I was or I would need to be in order to fulfill my ultimate fantasy. And so I pivoted and took a job at ABC.

HOFFMAN: Abandoning his on-camera dreams – and the inclement weather – Bob moved to New York City.

> **IGER:** My first job at ABC was a production job called the studio supervisor, which is the equivalent of a production assistant assigned to a studio, no matter what show came into that studio. So there were soap operas, and they were game shows, like, I think it was "$10,000 Pyramid" – inflation brought it up to $100,000. There were news shows. I worked on the "Harry Reasoner Evening News" show, there were specials, a Frank Sinatra concert, there were studios sports reporting – just about everything.

HOFFMAN: A TV network is actually a pretty good analogy for how a multinational corporation is put together. Shows may share some staff and resources, but the show itself is its own entity. You wouldn't ask the leading lady on your soap opera to start acting more like the news anchor just because they're on the same network. Each has their own role to play in the ecosystem of the network. And yet, the network still had to maintain a cohesive brand.

That would get more complex when Capital Cities Communications bought ABC in 1985, and then Disney bought Capital Cities a decade later. By then, Bob had climbed his way straight up the ranks at ABC.

> **IGER:** I was president and COO of Capital Cities/ABC when Disney bought us in 1995, and running a sprawling media empire that included ESPN and TV stations and publishing and radio assets, many of which we divested over the years.

HOFFMAN: At that time, Disney's CEO was the high-profile Michael Eisner.

> **IGER:** What Michael Eisner did is he enabled me to keep responsibilities over those assets that Disney bought. So I was still running ABC and ESPN, et cetera. But ultimately, he gave me all of Disney Television, as well. So I had a seat at Michael's table, I was running a very big division, and I assumed responsibilities of some of the businesses that had been Disney's.
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> **HOFFMAN:** And was there a learning curve? I mean, you'd already been familiar with and enchanted by the Disney brand. What was that integration like?
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> **IGER:** Well, it was a steep learning curve. First of all, I had never really experienced what it was like to manage a global brand.
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> The brand was a galvanizing force that basically brought businesses together, even though they were different in nature, television and theme parks and movies, and Disney stores, for instance. And I had never seen anything like that.
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> Capital Cities was a highly decentralized, not top-down, let the businesses run themselves, report into a whole, which is the corporation. But day-to-day management was very, very different.
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> And that actually made the integration a little bit more difficult, because it was just so different for those of us at the ABC side of it that had never experienced anything like it.
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> **HOFFMAN:** And was it that ABC had to learn to be Disney? Or was there any productive fusion?
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> **IGER:** Well, I think we had to learn more how to be Disney because they were the buyer, and we were the bought.

HOFFMAN: Let's go back and review the tale of two acquisitions Bob just shared with us. First, Capital Cities, a decentralized conglomerate, "let the businesses run themselves" without much change to ABC's day-to-day operations. Then, Disney, under Michael Eisner, with a very strong brand and management style to which ABC had to adapt.

Eisner's "top-down" leadership style was somewhat notorious at the time. For example, Disney had recently made a deal with New York City to revitalize Times Square. The so-called "Disneyfication" of 42nd Street sparked a major debate. Some saw it as the embodiment of corporate assimilation. Others saw it as a testament to the Disney promise of tackling the impossible. Now, ABC was about to be Disneyfied too. Were they about to get swallowed by The Blob?

Not exactly.

> **IGER:** There were qualities that we brought to Disney that I think proved over time to be quite valuable. There was a camaraderie that existed, there was a respect for other businesses, other business leaders, there was a feeling that even though we managed ourselves separately, that the whole was greater than the sum of the parts. And we never felt we were in competition with one another.
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> At Disney, the businesses competed to some extent with one another. And I think what we brought to the equation was sort of a much more collegial means of behaving. I think that proved real valuable to Disney over time.

HOFFMAN: This is such an important insight. This "collegial means of behaving" is a major part of what actually makes acquisitions work – whether you happen to be the buyer or the bought.

For the newly acquired property to thrive, its employees need to understand their value in the new ecosystem. They're not just there to raise the stock price of the parent company. They're there because they have something unique and important to contribute. And it's the parent company's job to communicate that.

This approach is something Bob held onto when he later became COO of Disney … and then in 2005, when he was up for consideration to be CEO.

> **HOFFMAN:** What was your theory of the job? What did you say, this is what I need to do in the next couple years?
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> **IGER:** Well, it was a political campaign, because I was campaigning against outside candidates who all had a clean slate. They could all come in, they were all bright, and shiny, and new to the board. Because I was at the company and had been on the board and COO for five years, they knew me well, which meant they knew some of my strengths, but they knew what may have been perceived as weaknesses.

HOFFMAN: What Bob is describing happens a lot in hiring. It's just human nature: it's very easy to be enchanted by the new. The "bright and shiny," as Bob said. It's usually only experience with someone that gives you the full shape of their talents, which includes the positives and negatives. That's why one of my rules in referencing is if you haven't found a negative reference yet, then you haven't really finished your reference checking, because everyone has a negative reference. So that means you haven't actually gotten past the shiny new penny phase to figure out the substance underneath.

> **IGER:** I had to make a very strong case for myself – 15 interviews, at least. Two with the whole board and at least one with each member of the board and one with their search firm, even. Which was, talk about the indignity of it all.

HOFFMAN: If Bob was going to make it past all those shiny new pennies, he would need to do more than just reassure the board that he'd lead with a steady hand. He needed a bold new vision. Remember what Bob told us about the state of Disney earlier in the episode:

> **IGER:** We had 10 years of rough stuff. Just happened. And one could look back and try to figure out why, and there's no sense doing that today. There's no value in it. But I had to fix it and fix it fast.
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> I felt I had to make a very cogent pitch about what direction I'd take the company and what my priorities were.
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> There were three strategic priorities: One was, and I know it's going to sound obvious, but let's put all of our capital into high quality, branded content. Branded is critical there.
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> The second was, let's embrace technology as an opportunity for its potential, rather than looking at it as a threat.
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> And third was, we needed to go global in a much more profound way.

HOFFMAN: Invest in branded content, embrace technology, go global. Keep an eye on these three priorities Bob set out. They weren't just part of his campaign speech. They would also shape his acquisitions playbook for the next 15 years.

> **IGER:** I envisioned a world where technology would be so disruptive that it would allow for an explosion really of production, which results in more consumer choice, which would mean with more consumer choice, quality would matter more, and brands would matter more. So let's put almost all of our capital into the Disney brand. We were making Miramax films and Touchstone films, and we were spreading our capital a little bit too widely. So I focused it. That one strategy is what gave birth to the acquisitions of Pixar, Marvel, and Lucasfilm, all high quality branded entertainment.

[AD BREAK]

HOFFMAN: We're back! With Disney's Bob Iger. When we left him, he was working to focus as well as build the Disney brand. That didn't just mean shedding assets, but acquiring new ones. And that started with Pixar.

IGER: Interestingly enough, Steve helped me sell it to the board. Once I convinced Steve, Steve and I reached an agreement about what the deal would look like and how much it would cost and what kind of the rules would be, so to speak, because there were many. He was so concerned about the future of Pixar as part of Disney. But once we agreed to that, he came down and met with the board. And that was rather helpful. He was a pretty convincing salesman.

Suddenly, the Disney board was in the room with the great Steve Jobs. That was a win right there.

HOFFMAN: Well, one of the conversations I've had with Bill Gates is he always had to, once some of his people had met with Steve Jobs, he had to break them of the Pied Piper spell. He was like, “No, no, back to reality!” Because Jobs was so good at that.

What were some of the conditions?

IGER: Well, obviously, the big condition, which was part of my pitch going in, was I wanted John Lasseter, and Ed Catmull, who had run Pixar, and turned it into what it was. I wanted them to run Disney Animation. So I was going to say to them, your sandbox is doubling in size. Not only are you making great stuff at Pixar, but you can come down and do that at Disney. And in John's case, who had started Disney Animation and was fired, and loved Disney and Walt Disney, the opportunity that that provided for him to turn Disney Animation around, which they did, by the way and quickly, was enormous. And so they became salesmen for the deal, too.

HOFFMAN: This phase of Bob’s pitch was critical to the success of the acquisition for two reasons. One, it was a perfect alignment of goals between Pixar and Disney. At essence, everyone wanted the same thing, which was to make groundbreaking animation. “Doubling the size of your sandbox” is a really great reason to keep playing in the sand.

And two, it showed enormous faith in the way Pixar had already been doing things. Remember earlier in the show, when Bob talked about the “top-down” management style that 1990s Disney had brought to ABC? That kind of “Disneyfication” wouldn’t fly in Emeryville. So Bob made autonomy part of his pitch.

IGER: Pixar was an extremely unique business and culture. Bringing that company into a larger company could potentially damage its creative abilities, let alone its morale, and its people very easily. And so let's keep Pixar, Pixar. They don't have to change their email address to Disney. The sign on the door stays Pixar. There are elements, to even small ones, like any new employee got a muffin on their first day of work. Okay, throw that in.

They had a beer bash every month. Okay, have as many beer bashes as you want, have it every week. But keep Pixar exactly how it was.

That was easy for me because I had been bought twice. ABC was bought by Capital Cities. And Capital Cities/ABC was bought by Disney. I knew what it was like becoming part of another company, and how the buying entity could very, very quickly have a negative impact on the selling entity, the entity that was bought, and destroy value.

And so we actually had a social compact, we called it, which was a separate piece of paper, which listed the things that we were going to preserve that were part of Pixar, it's a great document. I don't know if it was ever publicly filed. I have a copy of it somewhere. It's a great document.

HOFFMAN: By the way, I, of course, went through something similar with LinkedIn, and Microsoft. And so I know exactly whereof you speak in this stuff. And Satya did similar things –

COMPUTER VOICE: Satya Nadella, CEO of Microsoft. Microsoft bought LinkedIn in 2017.

HOFFMAN: – like no, no, we want LinkedIn and Microsoft to each get the best of each other, not the worst, right? Which can frequently happen.

HOFFMAN: We talked about this concept in detail when I interviewed my successor as CEO at LinkedIn, Jeff Weiner. You can hear that conversation in our Masters of Scale episode, “How to Set the Drumbeat.” Because the CEO does “set the drumbeat” for an organization, including all its acquired assets. But that’s not the same thing as dictating the tune or writing the entire song.

The Pixar/Disney merger remains a deal so well-crafted it’s taught in business schools across the country. And if it isn’t, it really should be! But a couple of unfortunate events bear mentioning in this retelling.

In 2018, John Lasseter was fired after a string of allegations of sexual harassment. Bob and I did not discuss that aspect of Pixar leadership, or whether this was a result of maybe too much autonomy.

The other event was that five years into the partnership, Steve Jobs succumbed to cancer.

IGER: We announced the Pixar deal from Pixar in Emeryville, California near Berkeley, a beautiful campus that Steve had helped build and design. And we were announcing it when the market closed. So just after 1:00 California time. And an hour before, he asked me to take a walk. And I thought, oh dear, what's in store? And we sat on a bench on the Pixar campus, he put his arm behind me, which I thought was interesting. And he said, “I'm going to tell you something” that only Laurene, his wife and his doctor knew at the time, and that was that the cancer that he had had some years earlier that he had been operated on and declared cured, was back in a different form. He said, “You can't tell anybody.” I said, “Well, why are you telling me?” And he said, “I'm giving you a chance to back out of the deal.”

I looked at my watch. By the time we had walked out of the building and sat down and he told me this, it's now 30 minutes to go time. And our boards have voted for it. And we've notified the press that we have a press conference coming up. And this is, talk about locked and loaded. I actually didn't know what to do. And I said, “Well, I don't know how I would ever explain getting out of this, when I’ve been arguing with the board for three months to get in it. I changed my mind. I had a change of heart. What do I say? And I can't tell them the truth.”

So I said, “I've got no choice we're going through with this.”

I made a very quick decision. While he was becoming our largest shareholder and a member of the board, he wasn't material. He was material to me, but not to the deal.

HOFFMAN: This may sound a bit cold, but it’s actually a huge compliment to Steve and all he’d built. With this acquisition, Steve would be cementing his legacy and ensuring that Pixar would outlive him.

But the question remained: would this merger draw out the best in both the buyer and the bought?

Luckily for all involved, the deal’s success was evident almost immediately. Which was a huge relief to Disney’s brand-new CEO.

HOFFMAN: Looking back, it was a genius first move. It probably very much helped the board see that bold moves that you are directing could play out spectacularly. Is there anything you look back on the Pixar acquisition and say, I wish I did this one thing differently?

IGER: No. Actually, not. The only thing I wish I had done is I wish I had savored the moment even more. Because, as I even talk about it today, I think, wow, okay, we made a $7.3 billion acquisition really three months into my tenure as CEO – and it worked. Anyway you look at it, it worked. Pixar's success continued. The culture of Pixar today is just as strong as it was back then. Disney Animation has never been stronger. Look, it gave birth to “Frozen” and “Frozen 2,” and “Tangled” and “Big Hero 6” and “Moana” and movies that won Academy Awards and did great at the Box Office and continue to resonate in our company today. “Zootopia,” we're building Zootopia Land as we speak in Shanghai.

HOFFMAN: Note: that would be Shanghai Disneyland, another Bob Iger accomplishment that opened in 2016.

> **IGER:** This was all the result of the Pixar acquisition. And Steve became our largest shareholder, and a good friend, and someone that was of enormous help to me, as a new CEO, and even as a person. So, no, I wouldn't do anything differently. Of course, I only wish Steve lived longer.

HOFFMAN: The ripple effect of the Pixar acquisition is still felt today, because it laid the groundwork for everything Bob just described. But it also laid the groundwork for future acquisitions that would give Disney even greater brand reach.

> **HOFFMAN:** Let's go to Marvel next. What led you to, now, “I'm going to go after Marvel?”
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> **IGER:** After Pixar, Kevin Mayer and Tom Staggs – Tom was our CFO and Kevin was our head of strategy – and I put together an acquisition targets list. We said, “Okay, we've done this, and it's worked. What could be next?” We declared ourselves good at this. For all we knew at the time, it could have been our last good one. And the two top names on the list were Marvel and Lucasfilm. They both kind of fit the mold, which is high quality, branded content.
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> You have these avid fans all over the world. It's almost a religion to people. My thought was, in looking at Marvel, they have thousands of characters. We kept counting. We lost track at one point. We went in, our first pitch to the board, “Hey, we can buy 4,000 characters.” No, it's 6,000. No, it's almost 8,000 characters. And stories you can tell and were being told for a lot of them, forever, endless. Endless.
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> But Marvel, which was fairly successful at the time, well, they only released one film. I think it was “Iron Man,” maybe the “Hulk” too. But they weren't being managed as a brand. That mentality didn't exist at Marvel. And I thought, wow, let's bring them into Disney, give them the resources. Distribution, marketing, and the capital to make more films in higher quality and put a spotlight on that brand. Amp it up. Not small Marvel, big Marvel, and anything you make that's Marvel, remind people it's Marvel, not Disney, not anything else. And that's what we did.

HOFFMAN: Strategically, Bob’s vision for the brand made perfect sense. Marvel and their 5-8,000 characters would provide Disney with endless opportunities to reach out to new fan bases with high-quality branded content. And Disney would give Marvel the magnified platform of resources to create more of it.

Much, much more.

Just like with Pixar, each entity had something to offer the other. But also just like with Pixar, Marvel's leadership would have to be convinced.

> **IGER:** Took me a while to get a meeting with the principal, Ike Perlmutter, who was the controlling shareholder, a public company. He was intrigued with Disney for a few reasons. One is I think, he took all stock, as did Steve. And I said, look, Steve Jobs has done pretty well. And I got Steve Jobs on the phone with him.

HOFFMAN: It's worth underlining that there was literally no better person on the planet to be your surrogate and close the deal for you than Steve Jobs.

> **IGER:** Steve said, "Bob's been a great steward of the Pixar brand. And people, I couldn't have anybody better as a partner, and I really trust him here." By the way, he hated comic books, he thought they were frivolous. He told me that. When I first brought up the idea of Marvel, he said, "What do you want that for?" And I had to explain, I remember we were in his conference room at Apple, and we were at a whiteboard. I started writing down as many characters as I could remember. I said, do you have any idea?
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> Anyway, Ike said yes. We announced that deal in the summer of 2009, three years after Pixar, and the rest is history.

HOFFMAN: The success of this merger doesn't need to be explained if you have been anywhere near a movie theater or streaming platform since that date in 2009. Disney released its first Marvel movie in 2012, and as of last year produced 15 more, with many more on the way.

> **IGER:** That was a $4 billion acquisition. If you were a Marvel shareholder and stayed with Disney and you got Disney shares at $28 and it's now $140, that's not bad. But more than anything if you cared about Marvel, Marvel has never been more relevant, more successful, cinematic universe, and the franchises we've created. The pipeline is as rich as it has ever been.

HOFFMAN: The Marvel Cinematic Universe is so rich it is known by three letters: MCU. It has its own timeline and message boards and devotees at Comic-Con. Pre-Disney, Marvel Comics had devoted fans, but they were a niche group. Now, the Avengers are on track to become as well-known as Mickey Mouse, and comic-book movies are winning Oscars and galvanizing entire communities, as with the movie "Black Panther."

> **HOFFMAN:** So I think I read in Time that you viewed "Black Panther" to be one of your top five career successes. Is that true?
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> **IGER:** Oh, very true. A career success for me, is, one, it's true success artistically, it's success commercially. And it's that unbelievably powerful moment where you bring

something out to the world, and you feel the world reacting in visceral positive ways. That's what “Black Panther” was.

By the way, I didn't make it, Ryan Coogler made it and a bunch of brilliant people.

I think anything that becomes so part of a culture, both not only of today, but long lasting, is a real measure of success. This is a sad moment, but the impact that Chadwick Boseman's death had on the world, unfortunately, reminded us of how enormously successful he was and how enormously successful “Black Panther” was. And I didn't really even appreciate that as much until then.

HOFFMAN: Yep. No, indeed, I had that same reflection when I was reading the unhappy news.

HOFFMAN: The MCU has grown an exponentially greater reach, but it hasn’t become “Disneyfied” in the old, Times Square sense. There is plenty of distinction between Marvel and classic Disney – there has to be, to keep each brand strong, identifiable, and clear.

IGER: I learned over time that even though the press and the street kind of put our names together, Marvel, a division of Disney, the consumer looks at Marvel as Marvel, and Disney as Disney, and Pixar as Pixar, and Star Wars as Star Wars. And we manage them well when we bring them to market.

HOFFMAN: When done properly, a company like Disney can treat acquisitions like assembling their very own Avengers squad. Each one has their own unique powers and things that make them special. You should be able to tell Black Widow apart from the Hulk. But ultimately they operate under one banner, even if he isn’t named Bruce, and work together toward a larger goal.

Which brings us to the third in the trifecta of acquisitions that will be forever associated with Bob’s time as CEO.

IGER: It takes a little guts, particularly to say to someone like George Lucas, “Do you want to sell your baby?”

HOFFMAN: It was now 2012. Bob had been CEO for seven years, and the last two acquisitions had gone swimmingly.

IGER: After we bought Pixar and I talked to Steve about what's next, and I brought up Marvel, I brought up Lucasfilm too. He knew George well because he bought Pixar from George. And he said, “Well, at some point, we should all get together and talk about it. I don't know whether George would sell or not. But, you certainly should make the pitch.” But Steve died before we had a chance to arrange that meeting.

I think a lot of people thought, no, George will never sell. I've talked to Rupert Murdoch about it because Fox distributed all the Star Wars movies, and if any studio had a relationship with George, it was Fox, and no one ever brought it up there. I think he kicked himself for that.

HOFFMAN: There had been Star Wars attractions at Disney's theme parks since 1987. Meaning it was already a small part of the Disney ecosystem. It already fit in perfectly with the brand. But Lucas himself was still very much the head of Lucasfilm, with no indication that he wanted that to change.

IGER: I looked at a schedule, and there was a reopening of a Star Wars experience at Disney World that I heard George was coming down to cut the ribbon for. And I thought well I wouldn't typically do that, but I made sure I was there, and I had breakfast with him.

I said, George, what's going to happen to Lucas when you go? And he said to me, "If I ever sold to anyone, it would be to you."

I didn't want to give him the hard sell. But I said, "Well, if you're ever interested or ready, I would certainly be interested in talking to you." That was it. It was as subtle as that. Well, I don't know if that's subtle.

HOFFMAN: It was subtle enough. Because what happened next … nothing.

IGER: I said nothing, I did nothing, I didn't call him. He called me, I don't know, six months later. He said, "Can I come down and talk about what we talked about at breakfast?"

HOFFMAN: That's right. Six months after Bob proposed an unthinkable sale, George Lucas was back and pitching the idea to Bob.

IGER: That began the negotiation. That was a little harder, because it was so part of who George is as a person. Parting with it was not exactly what he had in mind particularly when it became a reality. I remember sitting in my office signing the contract, and I could feel the tension in him and had a lot of empathy for him.

HOFFMAN: The empathy Bob felt for George Lucas in that moment was actually why George had trusted him in the first place. Bob knew how valuable Star Wars was, not just as a way to sell rides or toys or movie tickets, but as a celebrated mythology. He didn't want to Disnify it. He wanted to reinforce it.

IGER: If you watch a Star Wars film, that logo that comes up at the beginning is Lucasfilm, you don't see Disney there. Because I wanted to be respectful of the fans and what the brand meant to them, individually. Let it be what it is.

HOFFMAN: That respect of mission, legacy, and fans, made Disney an ideal buyer for LucasFilm – and made LucasFilm a truly epic acquisition. But that isn't quite the end of the story.

> **IGER:** We had a bit of a debate about control. And I told him, we couldn't spend $4 billion and keep control in his hands because it wasn't responsible.

HOFFMAN: That's next time on Masters of Scale. I'm Reid Hoffman. Thanks for listening.