



Wednesday February 24, 2010

VIEWPOINT March 4, 2010, 6:27PM EST

The 'Inglourious' Decline of Miramax Films

The fall of once-mighty Miramax has to do with Disney's failure to understand the business of innovation

By [Roger Martin](#) and [Jennifer Riel](#)

Miramax Films is dying. The onetime Oscar darling, which produced best picture nominees for 12 straight years, didn't win a single Academy Award last year. This year it didn't warrant a nomination. And in January, [Disney \(DIS\)](#) ceased Miramax's independent administrative, marketing, and distribution functions and closed its offices in New York and Los Angeles.

It's a shocking fall for the studio, a decline that can teach us a lot about [innovation](#) and about the way in which companies inadvertently drive out that which they so desperately seek. Executives all want more innovation. They also do all they can to kill it.

Disney bought Miramax in 1993, when the upstart producer and distributor had a few word-of-mouth hits such as *The Crying Game* and *Sex, Lies and Videotape* to its credit. Disney provided some much-needed cash and stability, while Miramax founders Bob and Harvey Weinstein provided the innovation. The combination worked. On the strength of Disney's money and Harvey's legendary golden gut, Miramax became one of the most influential studios in [Hollywood](#).

OUSTING THE WEINSTEINS

But by 2005, Harvey's intuitive approach brought the studio into conflict with then-Disney CEO Michael Eisner. After a bad-tempered, public dispute over both creative and budgetary issues, the Weinsteins were out, Disney suit Daniel Battsek was in. Battsek, Eisner figured, could bring costs in line and operate in a much more reasoned, reliable way. And so he did, to ever diminishing returns. None of the Miramax films released since 2005 have come close to matching the box office grosses of hits such as *Pulp Fiction* (1994, \$213 million worldwide) or *Chicago* (2002, \$306 million worldwide). None has generated the kind of controversy-driven buzz of *Trainspotting* or *Kids*. And none has captivated the Academy of Motion Picture Arts & Sciences the way *The English Patient* (nine Oscars) or *Shakespeare in Love* (seven Oscars) did.

The really interesting thing here is that the success of the Weinsteins' movies is neither mystical nor unexplainable. Nor is the failure of post-Weinstein Miramax. Miramax succeeded because Harvey developed a strategy for thinking about the movie industry while others fumbled. Miramax ultimately failed because Disney rejected Harvey's approach and didn't have anything with which to replace it.

In the 1990s, Miramax developed a successful heuristic for producing hit movies—a way of thinking about the mystery of what audiences want to see—that gave the film house a better shot at success than the blind guesses of its peers. It wasn't a perfect process, but it gave the Weinsteins the confidence to choose films, pick winners, and move ahead. The nature of innovation is that we can never prove a new idea in advance of its implementation. But we can try to shorten the odds. And that's what Miramax did.

Its biggest and most influential hits came when they took small risks on unproven filmmakers (Gus Van Sant, Quentin Tarantino, Kevin Smith) and hot-button topics (*The Crying Game*, *Kids*). The Weinsteins invested in young filmmakers—

and gained loyalty in return. Tarantino, for instance, followed Harvey to The Weinstein Co. His latest film, *Inglourious Basterds*, is nominated for best picture at this year's Oscars, one of 13 nominations secured by The Weinstein Co. (tied for the most for any single studio).

SCIENTIFIC APPROACH

Later, Miramax also began to invest in more expensive, prestigious films—but again, it appears they did so with some rules in mind, viewing the marketplace differently from their competitors.