



Switching on to Business

EXTRA!

Chapter 7

SELECTING A LEGAL STRUCTURE HANDOUT 1

Disney boss prepares to step down

The Chairman of the Disney Corporation **Limited**, Michael Eisner, announced he was stepping down from his position. His announcement came after dissatisfied **shareholders** almost voted him out of his job of running the **board of directors** of the **company** on their behalf.



Since he was appointed by shareholders to the position of Chairperson, Disney's worth has risen 20-fold to a high of almost €60bn. But recently the firm's performance has been poor and many criticisms were being made about how he was running the company. Both Walt Disney's daughter and a number of key shareholders began looking for a **shareholder** vote to have him sacked. However, they could not get the 51% majority of votes needed and Michael Eisner survived – just.

The decision to announce his departure has been met with delight by many shareholders who are unhappy with his performance. Diane Disney Miller, the founder's daughter, said in March that she wanted him to start preparing to hand over the company.

"It's time to step down and let someone else come in for the future," she said in an interview with the Los Angeles Times. "New leadership is necessary. I think Michael Eisner did some great things for the company, but there are also some not so great things that he did."

Troubled Shell faces shareholders



The **Board of Directors** of oil giant Shell has narrowly escaped being shamed by its **shareholders** at the first public meeting since it slashed the value of the assets owned by the company in January.

The **annual general meeting (AGM)** of shareholder had been delayed two months by the crisis, which cost three top executives their jobs. A resolution that some **investors** saw as an attempt to let management off the hook was won only on a 60-40 vote.

The AGM of shareholders proved very stormy. Shell's **chairman**, Lord Oxburgh, suggested that the delay in informing shareholders about problems with the company had been down to senior directors being "economical with the information that they passed to the board". That was not good enough for some angry shareholders. "Shareholders can't have confidence that directors or the chairman are telling the truth," said one private shareholder.

1. Who owns a company?
2. Who runs a company?
3. If the owners of 49% of the shares in a company voted to sack the board of directors, would the board have to resign?
4. What are the pros and cons of setting up in business as a sole trader and a limited company?