

THE Bezos Letters



Practicing Successful Failure

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“

We seek to be Earth's most customer-centric company. We are guided by four principles: customer obsession rather than competitor focus, passion for invention, commitment to operational excellence, and long-term thinking.

”

Amazon 2019 10-K

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Indicators of Amazon's Success

- Fastest company to reach \$100b in sales
- Wall Street Journal/Drucker Institute Top 250
 - 2018 – 1st
 - 2020 – 2nd
- 2020 LinkedIn Where People Work
 - Where Americans want to work: 2020 – 3rd
- American Consumer Satisfaction
 - Top Score since 2010

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“

“It isn't that entrepreneurs are smarter than companies, it's that they are trying more crazy ideas, taking more shots on goal.”

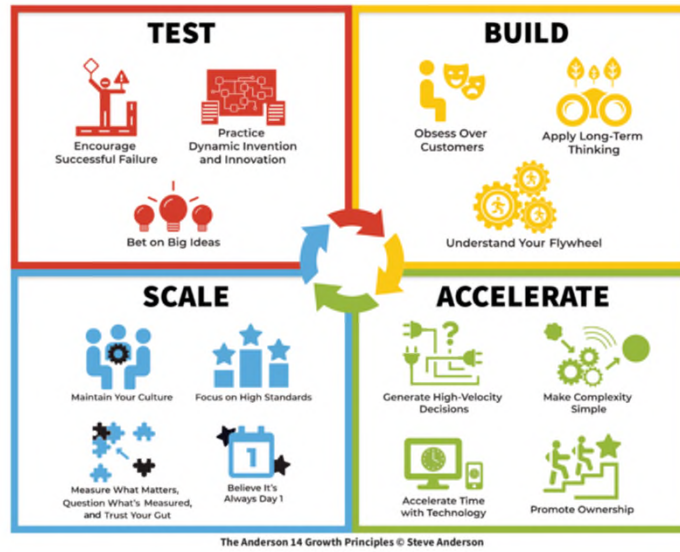
”

Peter Diamandis, founder of the XPRIZE

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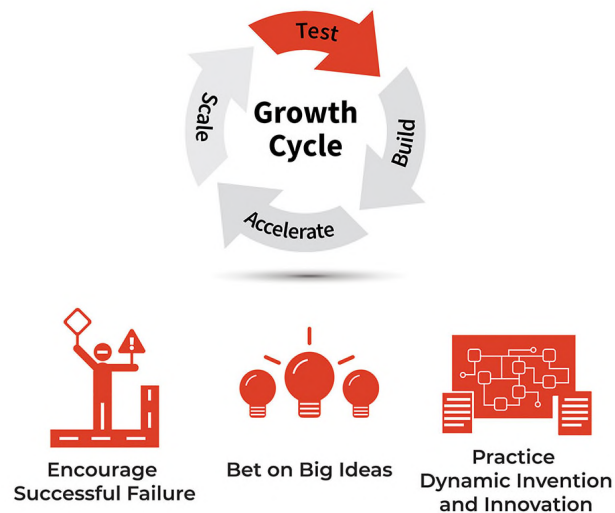
Anderson Risk & Growth Principles



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“

Every organization says
they want/need innovation.
But you better be right.

”

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Encourage
Successful Failure

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Apollo 13



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Apollo 13



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“As a company grows, everything needs to scale, including the size of your failed experiments. **If the size of your failures isn't growing, you're not going to be inventing at a size that can actually move the needle.** Amazon will be experimenting at the right scale for a company of our size if we occasionally have multibillion-dollar failures. Of course, we won't undertake such experiments cavalierly. We will work hard to make them good bets, but not all good bets will ultimately pay out. **This kind of large-scale risk taking is part of the service we as a large company can provide to our customers and to society.** The good news for shareowners is that **a single big winning bet can more than cover the cost of many losers.**” (Bezos 2018 Letter)



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Successful Failure Mindset

- 1 Failures need to scale with the size of your company
- 2 Large scale risk taking is a service
- 3 A big bet can cover the cost of many losers

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We will continue to learn from both our successes and our failures.

Inventing is messy, and over time, it's certain that we'll fail at some big bets too.

We've had some successes over the years in our quest to meet the high expectations of customer. We've also had billions of dollars' worth of failures along the way.

A builder's mentality helps us approach big, hard-to-solve opportunities with a humble conviction that success can come through iteration: invent, launch, reinvent, relaunch, start over, rinse, repeat, again and again. They know the path to success is anything but straight.

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What is Your Company's
Employee Award for the most

Successful Failure?

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“

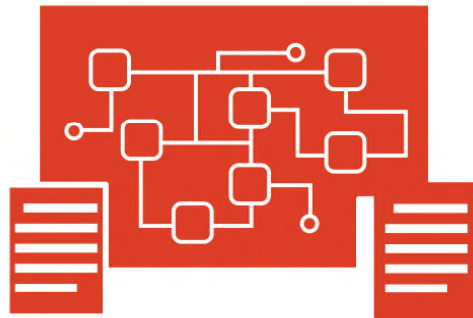
A builder's mentality helps us approach big, hard-to-solve opportunities with a humble conviction that success can come through iteration: invent, launch, reinvent, relaunch, start over, rinse, repeat, again and again. They know the path to success is anything but straight.

”

Jeff Bezos (2018 Letter)

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**Practice
Dynamic Invention
and Innovation**

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An Invention Factory



Experimentation



Invention



Innovation

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We must be committed to constant improvement, experimentation, and innovation in every initiative.



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Practicing Success Failure



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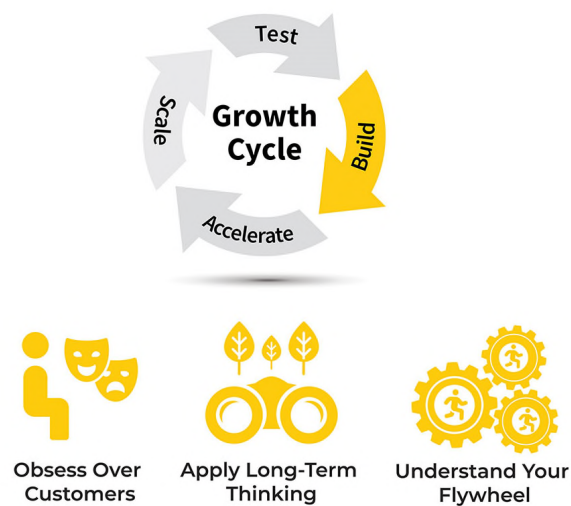
“ We love to be pioneers, it’s in the DNA of the company, and it’s a good thing, too, because we’ll need that pioneering spirit to succeed.”

Jeff Bezos (1998 Letter)

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Obsess Over Customers

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Amazon Customer Pillars



Wide Selection



Low Prices



Fast Delivery

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“ The biggest risk a
successful company faces?
Their Success.

”

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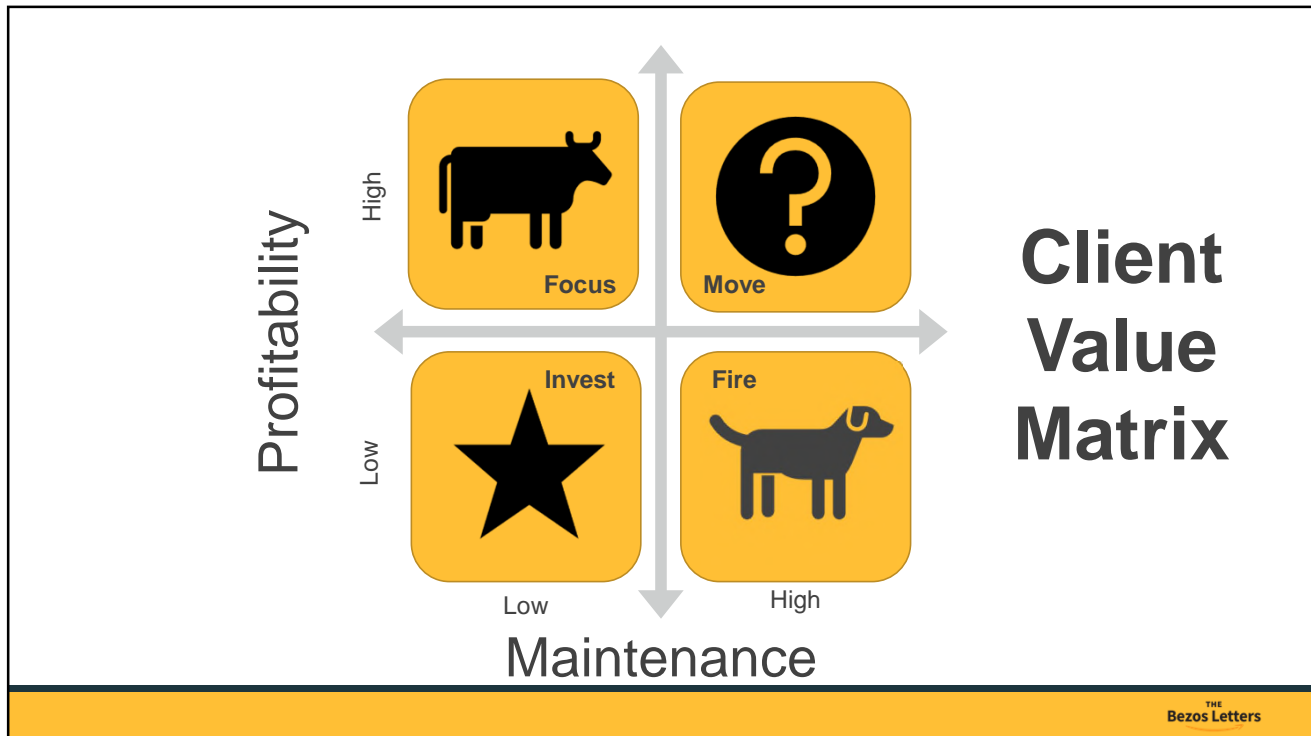
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Is Amazon Destroying Retail?



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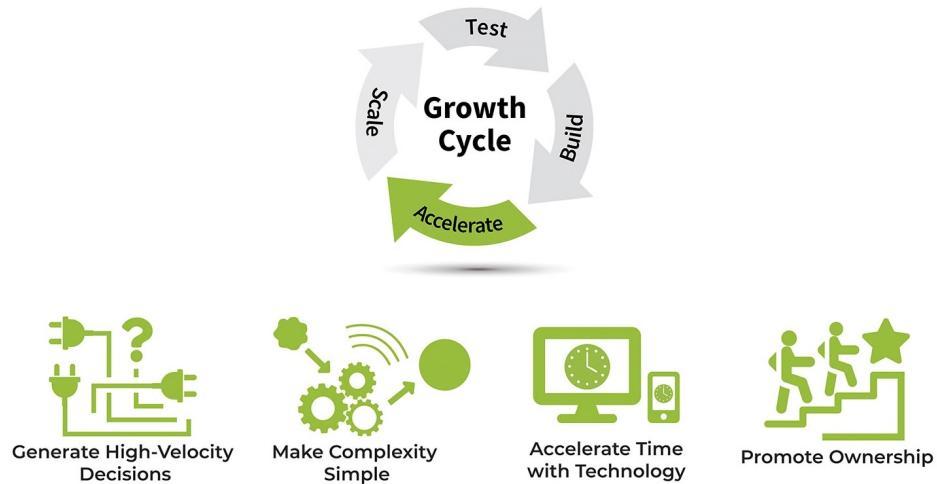
“ I constantly remind our employees to be afraid, to wake up every morning terrified. **Not of our competition, but of our customers.** Our customers have made our business what it is, they are the ones with whom we have a relationship, and they are the ones to whom we owe a great obligation. And we consider them to be loyal to us – right up until the second that someone else offers them a better service. ”

Jeff Bezos (1998 Letter)

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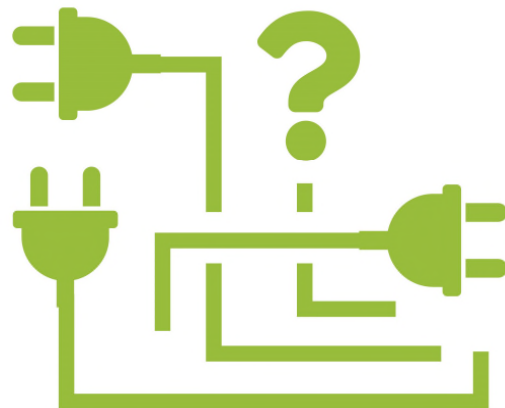
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**Generate
High-Velocity
Decisions**

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“ Some decisions are consequential and irreversible or nearly irreversible – one-way doors – and these decisions must be made methodically, carefully, slowly, with great deliberation and consultation. ”

Jeff Bezos 2015 Letter to Shareowners

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“ We can call these Type 1 decisions. ”

Jeff Bezos 2015 Letter to Shareowners

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“ But most decisions aren’t like that – they are changeable, reversible – they’re two-way doors. If you’ve made a suboptimal Type 2 decision, you don’t have to live with the consequences for that long. You can reopen the door and go back through.”

Jeff Bezos 2015 Letter to Shareowners

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“ Type 2 decisions can and should be made quickly by high judgment individuals or small groups.”

Jeff Bezos 2015 Letter to Shareowners

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High-Velocity Decisions

1 Never use one-size-fits-all

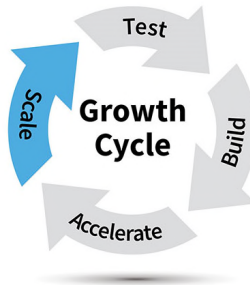
2 Decide at 70%

3 Disagree and Commit

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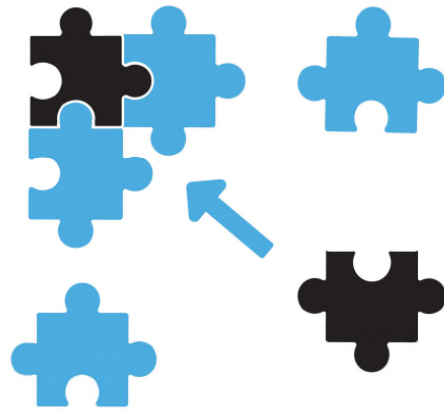
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Measure What Matters,
Question What's
Measured ...
Trust Your Gut

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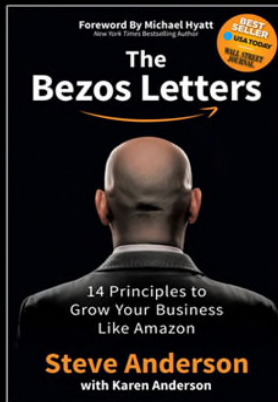
“ Though data, analysis, and
math play a role, the prime
ingredient in these
decisions is **judgment**. ”

Jeff Bezos (2005 Letter)

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Which Growth Principles Does Your Business Need Right Now to Get the Growth You Want?



Take the Free **Anderson Risk Growth Assessment** and discover which principles you should focus your resources on first for the biggest impact, based on your specific risk & growth profile...

TheBezorsLetters.com/growth

Or text **GROWTH** to
615-823-8228

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“ Here’s the question:
What if the biggest
risk is actually not
taking enough risk? ”

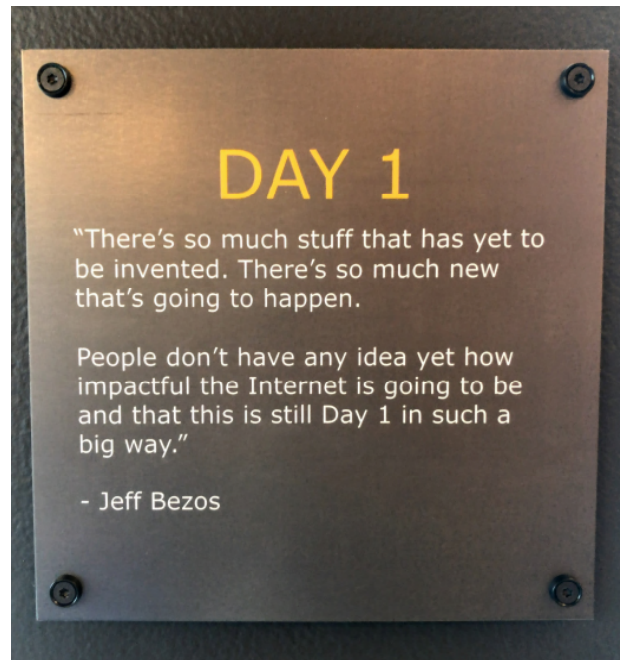
Steve Anderson, Author of The Bezos Letters

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**Believe It's
Always Day 1**



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“ I’m interested in the question, how do you fend off Day 2? What are the techniques and tactics? How do you keep the vitality of Day 1, even inside a large organization? ”

Jeff Bezos (2016 Letter)

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Essentials for Day 1 Defense

- 1 Customer obsession
- 2 Skeptical view of proxies
- 3 Eager adoption of external trends
- 4 High-velocity decision making

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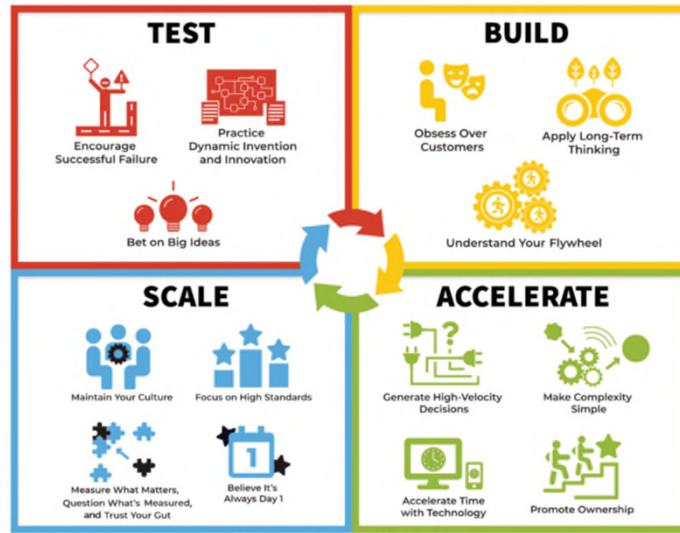
“ Bezos was extremely savvy when it came to growing Amazon: he knew there was an exquisite tension between risk and growth. ”

Steve Anderson (The Bezos Letters)

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Bezos Letters

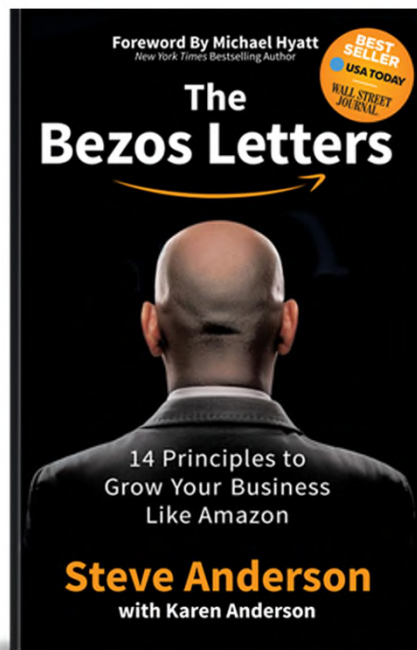
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