



Steve Anderson Practicing Successful Failure



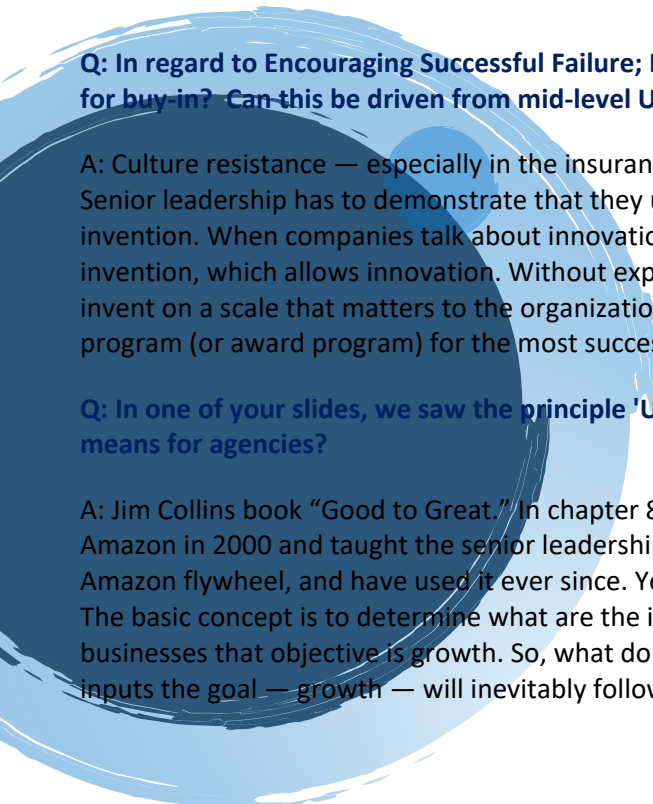
Questions and Answers from the ACT Meeting April 22, 2020

Q: How long did it take you to truly pore through Bezos' letters to develop your insights - start to finish?

A: The idea for a book was germinated out of my work with the ACT Changing Nature of Risk work group. The working title of that book was called "The Risk Dilemma." My idea was that as technology continues to be rapidly developed, the biggest risk a business faces is actually not taking enough risk. My research led me to various companies including Amazon. When I discovered the shareholder letters Jeff Bezos has written, I realize there was a lot of good information he shared about growing Amazon. That research became "The Bezos Letters." For a more detailed insight into the history the book you can listen to a podcast I did with the founder of Morgan James David Hancock here: <https://www.morgan-james-publishing.com/morgan-james-radio-episode-39-turning-an-idea-into-a-best-selling-book/>

Q: Do you have any examples or inspiration for any of your ideas? As a small agency, I can't invest in R&D, Custom Tech build out and visioning like Amazon can. It helps to have practical ideas and solutions that other agencies are doing that we can adapt to our own agency. If you have any specific examples that any agencies are doing as inspiration for us, I would appreciate it.

A: It's important to remember that Jeff Bezos did not start out as what we know is Amazon today. He was on his hands and knees packaging books and driving them to the post office. He started just like any other new business owner. There are a number of principles that apply to any size business. Perhaps one of the most important for Bezos in the early days of Amazon is Obsess over Customers. Another is the willingness to experiment with new ideas, understanding you are going to experience failures, but not letting that stop you from figuring out new ways to do things. Both of these apply to small agencies. I know we talk about customer focus in customer service, but do you really obsess over customers? What are you doing to experiment with new ways of selling and servicing insurance products? One way to determine the real customer experience you provide is to ask someone to be a "secret shopper." Call your office, get a quote, and make notes on the overall experience. You may be surprised at the amount of friction customers experience.



Q: In regard to Encouraging Successful Failure; How do you best overcome culture resistance? What are practical steps for buy-in? Can this be driven from mid-level UPWARD?

A: Culture resistance — especially in the insurance industry — is the biggest impediment to encouraging successful failure. Senior leadership has to demonstrate that they understand the inevitable link between experimentation, failure and invention. When companies talk about innovation, they get it out of order. Experimentation is first, which leads to invention, which allows innovation. Without experimentation (and an experiment means you're going to fail) you can never invent on a scale that matters to the organization. One of the questions I ask businesses is "what is your employee bonus program (or award program) for the most successful failure?"

Q: In one of your slides, we saw the principle 'Understand Your Flywheel' - Can you elaborate a bit more, and what it means for agencies?

A: Jim Collins book "Good to Great." In chapter 8 he talks about the flywheel and the doom Loop. Collins was invited to Amazon in 2000 and taught the senior leadership team about the flywheel. They embrace the concept, throughout the Amazon flywheel, and have used it ever since. You can go to www.amazon.com/ir to see a picture of the original drawing. The basic concept is to determine what are the inputs necessary to achieve your ultimate objective is a business. For many businesses that objective is growth. So, what do you have to do to grow your business? Once you work on accelerating the inputs the goal — growth — will inevitably follow.

