

THE AMAZON WAY

14 Leadership Principles Behind the World's Most Disruptive Company

JOHN ROSSMAN

JOHN ROSSMAN is managing director of Alvarez & Marsal, a global consulting and professional services firm. He was hired by Amazon.Com in 2002 to be the company's director of enterprise services. He was responsible for the development of Amazon's Merchants @ program which enables millions of sellers to offer products through Amazon and which now generates more than 40 percent of all orders. John Rossman was also responsible for running Amazon's relationships with enterprise clients like Target, Toys "R" Us, Sears, Marks and Spencer and the NBA. He is a graduate of Oregon State University.

ISBN 978-1-77544-806-8

MAIN IDEA

Jeff Bezos and Amazon have fourteen leadership "secrets" which guide their decisions. What's interesting is not that these secrets exist but that they actually get referred to every day and are applied in the real-world decisions which get made.

Amazon's leadership principles are:

- 1 Obsess over the customer
- 2 Take ownership of results
- 3 Invent and simplify
- 4 Leaders are right – A lot
- 5 Hire and develop the best
- 6 Insist on the highest standards
- 7 Think big
- 8 Have a bias for action
- 9 Practice frugality
- 10 Be vocally self-critical
- 11 Earn the trust of others
- 12 Dive deep
- 13 Have backbone – Disagree & commit
- 14 Deliver results

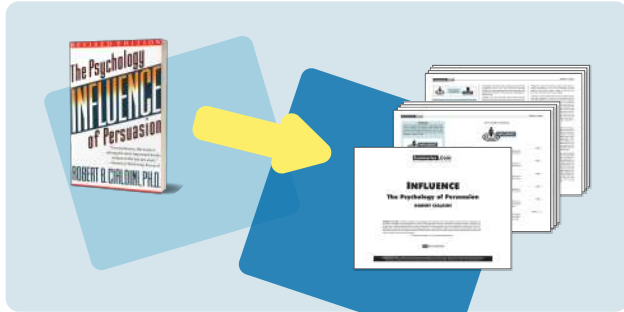
"These principles aren't slogans printed on wall posters and coffee mugs. They are lived and breathed every day by Amazonians from the CEO on down. They are principles that other companies, small or large, may just want to adopt."

– John Rossman

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| <p>1 Obsess over the customer</p> <p>Leaders and managers at Amazon always start with the customer and work backwards. While they watch competitors, they obsess over their customers.</p> <p>Page 2</p> | <p>8 Have a bias for action</p> <p>Leaders at Amazon favor taking calculated risks. If in doubt, try something new and see if you can take advantage of first-mover opportunities.</p> <p>Page 6</p> |
| <p>2 Take ownership of results</p> <p>Leaders at Amazon act like owners. They think long-term and never say "That's not my job." They always act on behalf of the entire company.</p> <p>Page 3</p> | <p>9 Practice frugality</p> <p>Amazon's leaders don't spend money on things that don't matter to customers. Frugality is good – it breeds resourcefulness, self-sufficiency and innovation.</p> <p>Page 6</p> |
| <p>3 Invent and simplify</p> <p>Leaders at Amazon innovate fearlessly to simplify processes. They look for ideas everywhere and avoid "not invented here" thinking.</p> <p>Page 3</p> | <p>10 Be vocally self-critical</p> <p>Amazon's business leaders don't consider themselves to be above criticism. They benchmark their own performance against the best and fix problems.</p> <p>Page 7</p> |
| <p>4 Leaders are right – A lot</p> <p>Amazon's leaders define their goals clearly and then use metrics to establish whether they are right. They don't make the same mistakes over and over.</p> <p>Page 4</p> | <p>11 Earn the trust of others</p> <p>Leaders at Amazon attempt to be open-minded, humble and to genuinely listen. Their openness empowers them to trust others and to earn the trust of others.</p> <p>Page 7</p> |
| <p>5 Hire and develop the best</p> <p>Leaders at Amazon try and raise the bar with new hires. They recognize talent, coach others and willingly move great talent around the organization.</p> <p>Page 4</p> | <p>12 Dive deep</p> <p>Amazon's leaders get involved in the nuts-and-bolts details of every process. They stay connected and look for opportunities to solve problems as early as feasible.</p> <p>Pages 7 - 8</p> |
| <p>6 Insist on the highest standards</p> <p>Amazon's leaders set unreasonably high standards and then keep pushing for more. They drive everyone to fix problems and deliver ever-increasing quality.</p> <p>Page 5</p> | <p>13 Have backbone – Disagree & commit</p> <p>Leaders at Amazon have conviction – they are prepared to challenge what they disagree with. They then commit to what has been decided wholeheartedly.</p> <p>Page 8</p> |
| <p>7 Think big</p> <p>Leaders at Amazon keep looking for bold new ways to serve customers better. They think different and go confidently in new directions</p> <p>Page 5</p> | <p>14 Deliver results</p> <p>Amazon's leaders focus on delivering key outputs to the required level of quality and in a timely fashion. They take setbacks in their stride and rise to the occasion.</p> <p>Page 8</p> |

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