




14 Amazon Leadership Principles

CHEAT SHEET

4. Leaders Are Right – A Lot

Leaders @ Amazon are right – not always, but a lot. They have strong business judgement, and they spread that strong judgement to others through the utter clarity which they define their goals and the metrics they use to measure success.

	Full text instead of bullet points	When you have to write your ideas out, it forces a deeper clarity of thinking.
	Future press release	When proposing a product, a future press release explaining advantages and results (as if in retrospective) has to be created.
	Real time metrics	Performance metrics have to be calculated in real time to measure success best.

8. Think Big

Thinking small is a self-fulfilling prophecy. Leaders @ Amazon create and communicate a bold direction that inspires results. They think differently and look around corners for big new ways to serve customers.

10 Thousand Year Clock (ticks every year)



- Tools:
- Free cashflow (FCF) per share
 - Regret-minimization Framework

12. Dive Deep

A leader @ Amazon operate at all levels, stay connected to the details, and audit them frequently. No task is beneath them, because they know that only a deep dive into the nuts and bolts of a process can really uncover opportunities and solve problems before they become insurmountable.

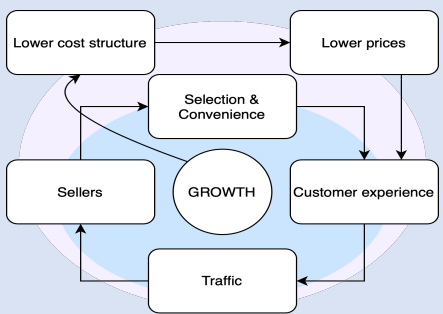
- Tools:
- “The Five Whys” technique unveils with iterative asking “why” the root-cause.
 - Avoid Power-Point presentations to think about the problem in more detail than just creating “Dumb-Dumb Bullets”.



1. Customer Obsession

Leaders @ Amazon start with the customer and work backwards, seeking continuously to earn and keep customer’s trust. Although leaders pay attention to their competitors, they obsess over their customers.

“The Best Service is no Service”
“The Flywheel Effect”



5. Learn and Be Curious

Leaders are never done learning and always seek to improve themselves. They are curious about new possibilities and act to explore them.

Day 1 Mindset ... “This is Day 1 for the Internet. We still have so much to learn.”

The dog which is not barking is a metaphor for the issue that you might not see some problems since they are home made.





9. Have a bias for Action

Leaders @ Amazon value calculated risk taking. Speed matters in business. Many decisions and actions are reversible and do not need extensive study. So, when you are in doubt, try something – and take advantage of the opportunities that being the first in the field can offer.

Employees are incentivized to act and make decisions, since most decisions are reversible.

Tools:

Metrics:	Focus on the hard things for easy questions you have metrics and data at hand.	
Iconography:	There are badges as an incentive for “bias for action”, “ownership”, “frugality” and “self-starting”.	

13. Have A Backbone – Disagree and Commit

Leaders @ Amazon have conviction. They are obligated to respectfully challenge decisions when they disagree, even when doing so is uncomfortable or exhausting; they do not compromise for the sake of social cohesion. But once a decision is made, they commit to it wholeheartedly.

- Tools:
- The “**Gladiator Culture**” encourages people to challenge others and discuss. Nothing is worse than consent until a decision is made.
 - There are **12 Don’ts in mental toughness**, decisionmakers should consider.

2. Ownership

Leaders @ Amazon are owners. They think long-term, and they don’t sacrifice long-term value for short-term results. They never say, “That’s not my job”. They act on behalf of the entire company not just their own team.

“You Own Your Dependencies”

- 1 Whenever possible, take over the dependencies.
- 2 If that is impossible, negotiate and manage unambiguous and clear commitments from others.
- 3 Create hedges wherever possible. For every dependency, devise a fallback plan.

6. Hire and Develop the Best

Leaders @ Amazon raise the performance bar with every hire and promotion. They recognize exceptional talent and willingly move them throughout the organization. Leaders develop leaders and take seriously their role in coaching others.

- Paying new hires to quit for testing commitment.
- Bar-riser is a person that has veto rights for hires to ensure highest standards.
- Amazon hires veterans, since it is beneficial for the business.
- The passing grade is A.



10. Practice Frugality

A leader @ Amazon tries not to spend money on things that don’t matter to customers. Frugality breeds resourcefulness, self-sufficiency, and invention. No extra points are awarded for headcount or budget.

Symbols:

- To save money on office material an employee invented the door desk.
- Vending machine light bulbs are uninstalled to save energy costs.

Problem:

Find the tradeoff between paying enough to not look cheap but not make people become “fat” and lazy!

14. Deliver Results

Leaders @ Amazon focus on the key outputs for their business and deliver them with the right quality and in a timely fashion. Despite setbacks, they rise to the occasion and never settle.

Delivering results constantly even by violating the other 13 principles is accepted.



3. Invent and Simplify

Leaders @ Amazon expect and require innovation and invention from their teams and always find ways to simplify processes they touch. They are externally aware, look for new ideas from everywhere, and are not limited by “not invented here” thinking. And they are willing to innovate fearlessly, despite the fact that they may be misunderstood for a long time.

Not invented here (NIH) ... is the tendency to avoid using or buying products, research, standards, or knowledge from external origins.

Mobilizing Other People’s Work (OPW) ... Outsourcing manual labor to other people by motivating them intrinsically (e.g., Amazon customer reviews).



7. Insist on the Highest Standards

Leaders @ Amazon set high standards – standards that many people consider unreasonably high. Leaders are continually raising the bar and driving their teams to deliver an ever-increasing level of quality. Leaders also ensure that the few defects that elude the quality process do not get sent down the line and that problems are fixed so they stay fixed.

Tool:

- SLAs: SLAs are used as a standards–enforcing tool. The worst experience defined is still very good in industry comparison.

11. Earn the Trust of Others

A leader @ Amazon are sincerely open-minded, genuinely listen, and examine their own strongest convictions with humility. Their openness enables them to trust those around them – and to earn the trust of others in turn.

Tools:

- 6 Keys to Earning Trust**

Open Your Kinomo	Take the Hit	Build Up Your Team Members
Ditch the Leash	Accept Confrontation	Find Value in Each Person

- The **Two-Pizza Team**: Trusting small teams up to 6 people to operate independently and with agility.



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