

Team Paper

Company Evaluation of Amazon

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Introduction

Amazon has experienced exponential growth in recent years. Their unprecedented success has been a result of their exceptional workplace environment. The combination of their SWOT, constant improvement of teamwork, powerful leadership, and motivation for employees help explain their recent success.

Strengths

Amazon is the number one organization in online shopping, a trailblazer within this industry. With a revenue of \$469.822 billion in 2021. Amazon has been taking exponential leaps every year to increase its revenue. This can be attributed to their brand awareness which has allowed them to become a household name throughout the last decade. This brand awareness and marketing has brought in top products from third party companies to Amazon stores. The reputation that Amazon has built throughout the years has allowed them to enhance its workforce. Allowing for the addition of Amazon Prime. The addition of Amazon Prime has brought in millions of new customers as the convenience of free shipping/one-day shipping has solved problems for customers. "Their focus on customer experience put Amazon in the role of a thought leader in e-commerce experience."(Dave Chaffey, 2022).

Weaknesses

Amazon has been accused in recent years of poor employee treatment within their warehouses. Reports of poor work conditions along with overwhelming expectations have resulted in these allegations throughout the years. As Amazon began their one-day shipping, these overwhelming expectations grew exponentially. "I was a picker and we were expected to always pick 400 units within the hour in seven seconds of each item we picked," said Espinoza. "I couldn't handle it. I'm a human being, not a robot."(Kantor et al., 2021). With Amazon now becoming an international powerhouse the free shipping demands for countries such as Brazil, Saudi Arabia, and India can result in a loss of margins in the future. Like other trillion-dollar corporations, Amazon has found loopholes to avoid paying taxes which has resulted in figures such as Former US President Donald Trump calling out Amazon's Jeff Bezos. These public allegations have hurt the company's image and caused mistrust amongst consumers.

Threats

One of the biggest threats to Amazon these days is largely due to identity theft and hacking which will leave Amazon's consumers with their data exposed. Given the fact that Amazon is a huge company they must move quickly to ensure that their online security and privacy are guaranteed to give their consumers more peace of mind.

Due to Amazon's aggressive pricing strategies, the company is usually faced with a great deal of lawsuits from different publishers and rivals within the retailing industry largely due to Amazon taking business away from the small apples.

Lastly Amazon faces a great deal of competition from local online retailers who tend to be a little more agile and nimble than Amazon, because amazon is such a huge company, they have a huge marketing strategy that could take ages to change or doesn't align with other consumers ideas. This could mean that amazon might lose their sights on local market conditions as they are mainly focused on the global strategy.

Opportunities

Given that consumer worries about online buying in terms of security and privacy are among the top concerns on their minds, Amazon has the chance to grow significantly by launching its online payment system. Furthermore, by allowing the business to benefit from utilizing its own payment gateway, this would increase margins.

Another possibility that Amazon may take advantage of is expanding the range of goods sold under its own brand rather than serving as a distributor of goods from other companies. In other words, it can expand the range of goods sold under its own brand as opposed to only stocking and selling goods produced by

The catalog of products that Amazon offers might be expanded, allowing it to hold more items than is typical at the moment. This would put it in a strong and secure position since it could lead to more sales.

The fourth potential that Amazon has is growing its worldwide footprint and opening additional locations in emerging nations, which would undoubtedly provide it a competitive advantage in the fiercely contested online retailing business.

Amazons Effort to improve teamwork

Amazon encompasses what is known as a “Day 1” mentality. The ideology of Day 1 mentality is that it is both a culture and an operating model that emphasizes the importance of placing the customer first. Focusing on long-term values rather than short-term profit. Amazon has been able to withhold its original values since its founding in the late 1990s. Day 1 is all about being agile, curious, and experimenting all the time. Being willing to fail entails learning from mistakes so that teams may continue to improve, surprising and delighting clients in the future.

Jeff Bezos introduced the ideology of a two-pizza philosophy that was later discovered to be an impactful method in determining the size of a team. The two-pizza philosophy is a driving point in ensuring that working teams do not become oversaturated with additional “mouths to feed”, as two pizzas are enough to feed a functioning team. With fewer people, no more than 10, teams can foster ownership and autonomy as keeping team size small allows for greater accountability, autonomy, and flexibility in scheduling and implementing idea-based changes. This principle applies to all team sizes. It also acts as a useful guideline for boosting meeting productivity and enhancing connections between managers and employees.

Key factors that Amazon teams make when considering their decisions is whether a decision is either a “one-way door” or a “two-way door” (inc.com,2018). Decisions that are made through a one-way door are almost impossible to undo. Care must be used in making these judgments. Decisions about two-way doors may be changed. teams are free to enter, assess the situation, and exit if necessary. These selections can be made quickly, or even automatically.

Teams are concerned about making sure their initial judgments are the right ones to establish confidence. As a result, new hires at all levels frequently stress about making the right decision rather than a speedy decision. Applying the one-way/two-way door model to a decision lead to the conclusion that many choices are two-way doors. Although changing course may require some work, it is not impossible or impracticable. The most crucial thing is to just proclaim a decision to be a two-way door. This helps to ease the anxiety that many leaders experience when deciding to commit to a decision. Teams at Amazon do not dwell on two-way decisions as they hold little significance to one-way decisions.

Amazons Leadership Style

McShane et al. (2021) explained that “influencing, motivating, and enabling others to contribute toward the effectiveness and success of the organizations of which they are members” (p. 317) is the definition of leadership. Executive Chairman of Amazon, Jeff Bezos, is known to be a transformational leader. Transformational leadership typically changes, “teams or organizations by creating, communicating, and modelling a vision for the organization and inspiring employees to strive for that vision” (McShane et al., 2021, p. 318). Bezos is known to be a leader who motivates and inspires his team members to reach goals they thought were impossible. He ensures that every team member is committed to that goal (Quellmalz, 2021, para. 13). Transformation leadership has four models, develop/communicate the vision, model the vision, build commitment to the vision, and encourage experimentation. The vision Bezos engrains in his team is “the customer always comes first” (Quellmalz, 2021, para. 14). He constantly reminds his team that the customer is what makes the company, not the competitors. Bezos encourages his team members to embrace failure “despite the disappointment and feelings of defeat that typically come with failure, Jeff Bezos has a fresh perspective on accepting, normalizing, and embracing it (Quellmalz, 2021, para. 17). It may seem as if embracing failures would encourage more experimentation towards the vision, but this is where Bezos’s leadership style changes.

Bezos also heavily leans towards an autocratic leadership style. An autocratic leader essentially is, “when you’re the leader, what you say goes” (Rigby, 2021). These types of leaders typically have work environments that have difficulty with independent thinking and collaboration. This allows Bezos’s team members to be more aligned with the same vision or goal. “Reportedly, Bezos gets ‘frustrated’ when the Amazon employees around him don’t adopt a ‘we’re-going-to-conquer-the-world’ mentality” (Rigby, 2021). This mentality creates a very competitive work environment as it can get highly demanding. Bezos is also known to, “frequently overrules a lot of decisions, even among the top minds on his team” (Rigby, 2021), further strengthening his autocratic leadership style. Andy Jassy has recently become the new CEO of Amazon succeeding Jeff Bezos as of July 2021. However, the leadership style has not changed, “Mr. Bezos will continue to yield an immense influence on the business and Amazon leadership style for the foreseeable future. This is because his new role executive chairman grants his involvement in strategic decision making and Mr. Bezos remains as the largest shareholder of the e-commerce giant” (Dudovskiy, 2021).

Strategies Amazon Uses to Motivate Their Employees

Amazon has multiple factors that motivate their employees. The combination of compensation, implementation of feedback, and potential for growth creates a strong drive within Amazon. The main drive factor within Amazon is their compensation. With a minimum starting pay of \$19 per hour, it is more than double the federal minimum wage in the United States (Amazon, 2022). The bonuses are a direct result of performance in work, thus motivating people to work harder and perform better. Large bonuses range from \$1,000 to \$35,000 depending on the position, with an average of \$12,000 (PayScale, 2022). Furthermore, Amazon has a strong annual raise system. Employees will receive a 25-cent hourly raise every 6 months for full-time work, or a 50-cent hourly raise if working for more than 2 years. To motivate employees to work at Amazon, Amazon offers a signing bonus of \$1100; moreover, Amazon offers an additional bonus ranging from \$125-\$500 for referring a new employee if the employee stays for more than 60 days. Lastly, Amazon has a “Thank You” bonus for overtime work averaging around \$500 (mission-statement.com 2022).

Amazon engages their employees by continuing to listen to their feedback. Leaders take input directly from hourly associates and make changes based on their best interests. Also, Amazon holds associate forums where workers can talk directly about their leadership (sustainability.aboutamazon.com, 2022). Amazon has a strong code of conduct. These principles are applied worldwide across all Amazon workplaces, and they help contribute to an overall positive feeling in the Amazon work setting (sustainability.aboutamazon.com, 2022).

Amazon is the number one workplace for growth (linkedin.com, 2022). Amazon contributed many resources to provide growth for current or future employees. The company has invested more than \$100 million in tuition for their employees (hiring.amazon.com, 2022). A large component of Amazon growth for their employees is their Amazon Web Services or AWS for short. AWS is a strong leader in the cloud services industry, and Amazon wants to keep it at the top. Amazon provides free and paid training for courses for AWS (aws.training, 2022). These courses can help provide training for beginners who want to work for AWS, or current employees looking to improve their skills. AWS's partnership with Judge Learning Solutions provides courses for developers, architects, DevOps engineers, cost management, data analytics, machine learning, media services, and professionals with operations and security roles plus many more (The Judge Group, 2022). These opportunities have great potential as careers in AWS can make upwards of \$270,000 USD for senior roles (indeed.com, 2022). Altogether, Amazon's competitive compensation, focus on feedback, and tons of potential for growth, help motivate their employees in the Amazon workplace.

Conclusion

Amazon places first in the LinkedIn Top Companies 2022 List (linkedin.com, 2022). This was achievable through Amazon's combination of their SWOT, constant improvement of teamwork, powerful leadership, and motivation for employees helped push Amazon to the top of the list. Amazon's workplace environment is a direct correlation to their success.

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