

THE AMAZING Amazon

HOW **JEFF BEZOS** BUILT AN INSANE
ECOMMERCE EMPIRE



Ivan Fernandez

THE AMAZING AMAZON

How Jeff Bezos Built An Insane Ecommerce Empire

IVAN FERNANDEZ

Text Copyright © Ivan Fernandez

All rights reserved. No part of this guide may be reproduced in any form without permission in writing from the publisher except in the case of brief quotations embodied in critical articles or reviews.

Legal & Disclaimer

Legal & Disclaimer

The information contained in this book is not designed to replace or take the place of any form of medicine or professional medical advice. The information in this book has been provided for educational and entertainment purposes only.

The information contained in this book has been compiled from sources deemed reliable, and it is accurate to the best of the Author's knowledge; however, the Author cannot guarantee its accuracy and validity and cannot be held liable for any errors or omissions. Changes are periodically made to this book. You must consult your doctor or get professional medical advice before using any of the suggested remedies, techniques, or information in this book.

Upon using the information contained in this book, you agree to hold harmless the Author from and against any damages, costs, and expenses, including any legal fees potentially resulting from the application of any of the information provided by this guide. This disclaimer applies to any damages or injury caused by the use and application, whether directly or indirectly, of any advice or information presented, whether for breach of contract, tort, negligence, personal injury, criminal intent, or under any other cause of action.

You agree to accept all risks of using the information presented inside this book. You need to consult a professional medical practitioner in order to ensure you are both able and healthy enough to participate in this program.

Table of Contents

[\[IMPORTANT\] Exclusive Premium Bonuses](#)

[Chapter 1: Introducing Jeff Bezos](#)

[Chapter 2: His Early Life](#)

[Chapter 3: Of Star Trek and Lord of the Rings](#)

[Chapter 4: Job Blues](#)

[Chapter 5: Life at DESCO](#)

[Chapter 6: Hiring Your Wife](#)

[Chapter 7: The Rise of the Web](#)

[Chapter 8: A New Dawn: Garage Inc.](#)

[Chapter 9: Boldly Go Where No Man Has Gone Before](#)

[Chapter 10: David and Not Exactly Goliath](#)

[Chapter 11: Biggest River, Biggest Bookstore](#)

[Chapter 12: Amazon Ascending](#)

[Chapter 13: Jeff Bezos On Business and Productivity](#)

[Chapter 14: Life Lessons from Jeff Bezos](#)

[Chapter 15: Jeff Bezos on Leadership](#)

[Conclusion](#)

[Claim Your Free Bonuses](#)

[IMPORTANT] Exclusive Premium Bonuses

As a way of saying thanks for downloading this book, we'd like to offer you our premium bonuses (value: \$7.98)

What will you receive?

- 1) A premium 3 page pdf summary of this entire book (value: \$3.99)
- 2) An exclusive printable pdf of Steve Jobs top quotes – you can print it out and paste it on the walls in your office or in your house! (value: \$3.99)

Claim your bonuses easily by clicking [here](#) or scrolling to the last page of this book!

P.S. Please do not share what you're about to receive. Strictly no resale of the bonuses is allowed. Click [here](#) or scroll to the last page of this book now to claim your free bonuses.

Chapter 1: Introducing Jeff Bezos

Jeff Bezos was born Jeffrey Preston Jorgensen. He is currently at number two when you're talking about the world's richest men. Well, the top rank is still held by none other than Bill Gates (Nov 2017). He soared to the very top of the billionaire's rankings at Forbes. If you have ever shopped for anything on Amazon then you have been a contributor to the success of this man.

Currently, his net worth is estimated at 85.4 billion US dollars – and climbing. If you have followed the growth of Amazon you know that it is more than just a book retailer nowadays. In fact, its cloud computing is one of the best performing sections of his business.

So who is he? How did he earn his billions of dollars? We'll go over these questions and more as we investigate the other details of his life and career. Now, before we delve any further into anything on Jeff Bezos, here are a few stats to help you get a bird's-eye view of who he is and what he has accomplished so far.

- Education: Bachelor of Arts and Science (Princeton University)
- Citizenship: United States - American
- Current Residence: Seattle, Washington
- Place of Birth: Albuquerque, New Mexico
- Date of Birth: January 12, 1964
- (Suggestion: erase age. This information makes the book dated, and one can always deduce his age from current year)Relationship Status: Married
- Spouse: MacKenzie Bezos (Married 1993)
- Children: Four
- Occupation: Technology investor and retail entrepreneur
- Source of Wealth: Amazon.com
- Other Institutions Founded: Bezos Expeditions, Blue Origin
- Net Worth: \$72.8 Billion (as of March 2017); \$85.4 Billion (as of June 2017)
- Billionaires in America Rank: #3
- Richest Man in Tech World Rank: #2
- Forbes 400 Richest Rank 2016: #2
- Powerful People Rank 2016: #14

- Richest Men in the US Rank: #3

Jeff Bezos is best known as the founder of Amazon.com and is currently the CEO and chairman of the company. Amazon, as you might already know, is the leading online shopping retailer in the world. Apart from Amazon, Bezos is well-known as a technology entrepreneur. Well, think along the lines of Bill Gates, Kevin Systrom, Craig Newmark, Mark Zuckerberg, and Steve Jobs.

Bezos has diversified his investment portfolio. He is a man who can take calculated risks. You can tell that from the businesses he is interested in and the ones that he actually funded. For instance, his business investments today include newspapers, online search engines, as well as aerospace manufacturing. Would you rather invest in a highly competitive industry or in an experimental technology? If you do not have the grit for it, then you may not want to sit where it all happens. His choice of investment shows the quality of his business acumen. Do you know how big Google is nowadays? Who would have thought back in 1998 that the simple search engine will one day become what it is today?

Here's another example of his pioneering spirit. Back in September 2000, Jeff Bezos founded Blue Origin, a space flight service company and aerospace manufacturer. The company develops various technologies that enable human beings to travel to outer space. Part of that goal is to lower the cost of space travel and make it more affordable for a lot more people.

Blue Origin isn't a gung-ho style of company. In fact, they take a rather organized and strategic approach so that they can make their service more efficient and reliable. The Latin phrase *Gradatim Ferociter* serves as the company's motto and it translates to "Step by Step, Ferociously". That basically reflects the inner workings of Jeff Bezos himself – doing things one step at a time, but with a modicum of force and persistence.

As you will later on, when Bezos finds an opportunity, he takes measured efforts to seize it. Today, Bezos has undertaken a lot of other business investments other than Amazon. Many of those investments are currently managed via Bezos Expeditions – another calculated move.

Awards and Recognitions

In April 2017, Jeff Bezos was at the very top of the Top 100 Leaders in Media, Marketing and Tech. This was Adweek's Power List for 2017. This was one of the many awards and recognitions that Bezos received.

Back in 1999, he was named Person of the Year by Time Magazine. In 2008, the Carnegie Mellon University awarded him with an honorary doctorate in Science and Technology, and he was also selected as one of America's best leaders by the US News and World Report.

For the creation of Amazon Kindle, both Gregg Zehr and Jeff Bezos were given the Innovation Award by The Economist, in 2011. Bezos is also in the Fortune's 50 Greatest Leaders of the World list – he even made it to the very top in 2015.

Critical Response

It's not always easy to be at the top, and a lot of times there will be critics to hound you. No one is safe, of course, and that includes Jeff Bezos – he too has his own share of critics in his life. Some of his critics draw parallels between Bezos and another tech mogul, the late Steve Jobs. Some believe that Jeff Bezos is skeptical of philanthropy, since he comparably made fewer donations compared to the likes of Paul Allen and Bill Gates.

Some have even viewed him as stingy and are not that bashful at all at pinning the label on Bezos. There are critics who even apply the same label to Amazon too; well, that is as far as corporate giving practices go.

One of Bezos' critics of pretty much all that he has established comes from the New York Times, which goes as far as to describe working for Bezos and/or Amazon as an inhumane and utterly grueling experience.

One of the lowest blows to Bezos came in 2014 from the International Trade Union Confederation. In their world congress of that year, they named him the Worst Boss in the World.

How you view him, of course, is all an exercise in subjective observation. You can even go to say that everyone has both a good side and a bad side – which is obviously true. No one is absolutely impeccable in their dealings with others in this life. But it could never be denied that Jeff Bezos is a remarkable human being. Our task here is to learn about him and learn from both his highs and lows given the various facets of his being as the stage of

our observations.

Chapter 2: His Early Life

Some would assume that Amazon's CEO and founder Jeff Bezos would have started out with all the opportunities and everything else laid out before him. Today he is one of the leading figures in the world of tech, and his net worth is nothing short of solid evidence to his credit.

Amazon, dubbed the "Everything Store", sells more than \$130 billion worth of products per annum. It's a marketing giant with global reach – and it's still spreading. But that isn't the only source of his wealth. We will look into his early life in this chapter and see the foundations that forged the man's character and current disposition.

Birth and Parentage

Jeff was born to Ted Jorgensen and Jacklyn Gise in January 12, 1964 in Albuquerque, New Mexico. His mother Jackie was only a teenager when she gave birth to Jeff. His mother's family consisted of early settlers in Texas who lived in a ranch near Cotulla. Over several generations, his family was able to acquire 25,000 acres of farmland. Jackie's marriage to Ted only lasted a little over a year and they separated eventually.

Jackie married Miguel Bezos, her second husband, in 1968 – little Jeff was four years old at the time. Miguel was a Cuban immigrant and he moved alone to the United States at age 15. Miguel was originally from Villafrechós, Spain. He ventured to the US with high hopes and a certain amount of courage.

He worked and earned his own keep; at the same time, he attended the University of New Mexico. There he met Jackie, married her, and legally adopted little Jeff. Jeff changed his surname from Jorgensen to Bezos. After the couple got married, the family moved to Houston, Texas, and Miguel began working for Exxon as an engineer. Young Jeff attended fourth to sixth grade in River Oaks Elementary School. He then spent the summers in his grandfather's ranch, in southern Texas.

It should be noted that little Jeff didn't know that Mike Bezos wasn't really his biological father. He only knew of the fact when he was 10 years old. A lot of kids would be devastated at the fact, but to his credit, Jeff didn't get

fazed by it when the facts of his parentage were finally revealed to him. He was more concerned about the fact that at such a young age, he had to wear glasses.

Jackie was adamant and serious about separating from Jeff's biological father, Ted. Ted worked previously as a circus performer. When Jeff turned four (that was before Jackie met Mike), Jackie told Ted to stay out of their lives. That was the last time Ted ever had any contact with his former wife and young son. The severed relationship was total and complete. During an interview with Brad Stone, Ted was asked if he knew what became of his son Jeff. Ted had no idea what kind of a man his son had become.

We will never really know how much of an impact that separation from his biological parents had to Jeff's inner world. He was a very secretive man. You can say he can hold on to a secret until doomsday and you may just have to resort to digging up the family's trash bin to find out more.

An autobiography would indeed reveal more to the public about the man, since he will reveal in a tell-all the workings of his inner world. From what we can see so far, it seems that there is little, if any, effect of that early tragedy on young Jeff, which he may have carried on to his adult life. It would appear that his grandfather stood in as more of a father figure who impressed Jeff when he was yet a boy.

Grandpa Preston

Jackie's father, Preston Gise, was left to take charge of the family farm. This estate would soon become one of the many pieces of real estate that little Jeff would soon manage in the future, thus making him one of the state of Texas's largest landholders.

During his younger years, Jeff Bezos spent the summers at Grandpa Preston's ranch, doing pretty much what a regular farmhand would do. He would become accustomed to hard labor – something that a lot of entrepreneurs have done. You could say that his experiences in his grandfather's Texas ranch from ages 4 to 16 helped him strengthen his back, forge his grit, and strengthen his resolve.

He did pretty much what was required and necessary while he stayed there. He worked at everything and learned responsibility. He even learned how to

fix broken down windmills and he didn't shy away from what others might see as gross, but necessary tough work – like castrating bulls, for instance. What's the early lesson here? There is a forge in working with your hands, which molds young men into responsible adults. Let them learn how to take care of what is their own and they will learn how to take responsibility.

Grandpa Preston became a huge inspiration for young Jeff. In those days, when the young grandson spent summers with him, Preston saw the technical prowess in the boy – why would he allow the young lad to help repair the farm equipment if he didn't spot that spark in the boy? Earlier in Jeff's life, the spark for things technical and mechanical came about when he reached out for a screwdriver and dismantled his own crib. What was his motivation for doing so? He confessed that all he wanted was to sleep on a real bed. The boy knew what he wanted, had the skills to get it, and did what was necessary to achieve it.

However, the lessons that Jeff learned during his early ranch life weren't centered on just the hard work that needed to be done, nor was it focused on the mechanical things that needed fixing. His time spent in the ranch had a huge impact on him. In 2010, Jeff Bezos gave a commencement address, highlighting some of the things his grandpa taught him. He said that grandpa Preston told him that it was “harder to be kind than clever”.

Harder it may be, but being kind is at the core of every enterprise that Bezos has founded. He never shied away from the hard things in life – not even in the practice of kindness.

Chapter 3: Of Star Trek and Lord of the Rings

As it was mentioned earlier, Jeff Bezos displayed his mechanical skills when he was yet a child. His prowess in the world of technology would yet be demonstrated later in life. You could say that he learned things one step at a time. The man is known for his analytical thinking coupled with that childish excitement every time he learns something new and interesting.

His technical skills grew as he grew older. One example of his growing technical brilliance is when he rigged an electric alarm clock. Why would he do that? Well, he wanted to keep his younger siblings away from his room.

His interest in science and technology was evident when he attended the Miami Palmetto High School. The family moved to Miami, Florida, at the time. Jeff Bezos became a National Merit Scholar and graduated high school as his class' valedictorian. That is but a small testament to the genius of the young man's mind.

After that, he went to high school in the University of Florida. While he was there, he also signed up for the Student Science Training Program. There, his talents for science and tech grew, and his brilliance was also recognized. In 1982, he received the Silver Knight Award from said school program.

He spent his college days at Princeton University; studied Bachelor of Science and earned degrees in computer science and electrical engineering. He graduated Phi Beta Kappa while there. During his tenure, he served as chapter president of the Students for the Exploration and Development of Space. He was also elected as Tau Beta Pi during his college days. There was a brilliance to him that also attracted others who were like-minded. His leadership skills were also being honed along with some other interesting manly qualities. You could say that his company was convivial and kind at the same time. That quality would later help forge the company culture in the many enterprises he would later build up.

Enter Star Trek

Speaking of "enterprises", Jeff Bezos had a thing for Star Trek. That incidentally explains his interest in space travel and other things related to it. He watched a good deal of Star Trek reruns and loved every minute of it. Just

like a true blue fan, he loved both the old versions of the space fiction saga and the newer versions as well.

That somehow gives us a hint into his delved interests and may also be an influence on why he founded Blue Origin as well. Of course, that latter part is purely speculation – unless Bezos himself puts out a statement agreeing with it.

You could even say that the Star Trek influence was so big that he even considered using the phrase “Make It So or MakeItSo” as the name of his brainchild – Amazon. Thank goodness he changed his mind, or we would be making space age references when talking about online shopping today. Nevertheless, here’s a bit of an insight – the phrase “make it so” is actually a line said by none other than Star Trek’s Captain Jean-Luc Picard. Well, MakeItSo.com may have been a good reference, but Amazon.com is just so much easier to type on your browser’s address bar.

His fascination with the space age and other things related to that genre of science slash fiction was budding out; well, some of the things that were fiction back then are now reality to wit. For instance, Jeff Bezos once told his teachers that "the future of mankind is not on this planet". Again, that might not be too far-fetched, given the things that we are trying to accomplish today – enter Mars 1 stage left. For Jeff Bezos, things will have to be taken seriously and studied a step at a time, thus Blue Origin today, maybe Red Planet colony tomorrow – again, this is all but speculation, but who knows, right?

Lord of the Rings Stage Right

Just like every hard working teen that walked the hard walk of life, he had his turn working in the food service industry. He was working at a McDonald’s store, and the teenage Jeff wasn’t having a great time. The summer he spent working there was no less than terrible for the budding young man.

So, he settled for an alternative – starting an enterprise. This revealed his more enterprising nature. You can say that all entrepreneurs will usually want to find a better way to make money, no matter how scary the risks of a new enterprise may be. A new enterprise, of course, adds its own degree of excitement with the oncoming prospect. It is thrilling as it is ominous.

So, here are two young lovers, Jeff and his girlfriend; they started what they called the Dream Institute, a day camp for kids; ergo, a summer camp. The couple charged \$600 for every child who attended their camp. Unfortunately, the numbers didn't add up, since they were only able to sign up six students to their summer camp. It is also interesting that J.R.R. Tolkien's Lord of the Rings was made part of the camp's reading list. Nice choice, but we couldn't always say the same for the kids who attended the camp.

Was this endeavor a failure? Well, the fellowship of the nine was in terrible disarray from the onset of their journey, but that didn't faze the willing though naive Frodo Baggins. You can draw a parallel here and say the same for the young Jeff. Every entrepreneur learns his first lessons from failure, as it were. Failures, of course, are definitely nothing more than one's first lessons in eventual success.

Chapter 4: Job Blues

As stated in the previous chapter, Jeff Bezos graduated from Princeton with honors. As anyone might expect, those who do graduate with such level of prestige get noticed by the big label companies. On top of that, they will also offer quite a paycheck with the job post being offered.

Back in 1986, Bezos found himself in Wall Street, doing what he was really good at – computer science. So here we have Jeff at a huge turning point in his life. Then came several interesting job offers. On one hand there was Bell Labs and on the other was Intel.

Both companies are big players in each of their industry segments. A lot of young professionals would have had a tough time choosing between the two. Who wouldn't, right? Some would look beyond the compensation packages that would be offered, but would also look into the prospects of career growth and other perks too. But guess which company Jeff Bezos chose – Fitel.

No, it's not an Intel offshoot, sister company, sponsored startup, nor subsidiary. It's Fitel. It's a company launched back in 1974, conceived from a company known as Furukawa Information Technologies. And yes, this company was a startup. Jeff Bezos worked there building an international trade network. The company sells optical connectors, passive components, fusion splicers, and others.

Fitel was started by a pair of Columbia professors. At the time, they were developing private transatlantic computer networks that would be used by stock traders. Jeff wouldn't stay long in Fitel, as history would tell the tale.

His next job, after quitting Fitel, of course, was in Banker's Trust. He was hired in 1988. It has since been acquired by Deutsche Bank, back in 1999. He did not stay at Banker's Trust for long. In fact, he strained at the company culture he experienced there. He had difficulty with what is termed as institutional reluctance and that unwillingness to challenge the current status quo. In short, if there was no way to revolutionize from any angle, then it wasn't a healthy option for an enterprise.

However, in between Fitel and his stint at Banker's Trust, he met Halsey Minor, an employee at Merrill Lynch. They planned to establish a startup company that was supposed to deliver news via fax. The newsletters were

supposed to be customized for each recipient – which you can consider as a precursor to what we have in today's email marketing.

Unfortunately, the idea never went live, and the two parted ways. Merrill Lynch pulled out the funding they promised to the fledgling startup and the two entrepreneurs had to pull the plug early. Halsey Minor eventually went on to found CNET, the media website that produces podcasts, videos, blogs, articles, and are most famous for their reviews. Minor launched his company back in March 5, 1994.

It is interesting that Jeff Bezos always had his eye out for startup companies. This is merely a reflection of his entrepreneurial spirit. So the pair separated ways, but Bezos continued his professional career and worked for D.E. Shaw & Co, a hedge fund company. They focused their efforts on businesses that were internet enabled.

Internet enabled businesses? That seemed to align with what Jeff would be putting up later on. Was he great at forging a career in tech? Yes, he was. In fact, Bezos was promoted to the post of senior vice president in only four years of tenure.

His tenure at D.E. Shaw was significant, not only for his professional life, but it also paved pathways for the growth of his personal life. Here in this company he met MacKenzie Tuttle. Back then, she was a research associate for the company. They became a couple and got married in 1993. Today, MacKenzie found her niche and expertise as a novelist.

They were a power couple, for lack of a better term. The couple supported and complimented one another, which was something that seemed like a totally hard to find gem. The news came to Bezos that the web had grown up to 2,300% in just one year – well, that was in 1994.

That number was nothing less than astounding. Who wouldn't be astounded by the growth of internet use, right? On top of that, the US Supreme Court issued a ruling that all mail order companies that lacked any physical presence would become exempt from sales taxes.

Jeff Bezos believed that he should find a way to capitalize on this. It was one of the biggest proverbial waves in the history of the planet, and he had to ride it (please excuse the surfer reference). Being the analytical thinker that he is, he analyzed which products would be best to sell on the internet.

What product did he decide on? It was books – now we all know that Amazon would later go on to become one of the biggest sellers (if not the biggest) of eBooks – an opportunity for self-publishers to finally put their works out to the public. But that is another story altogether.

Bezos had a great job at D.E. Shaw, a nice hefty bonus hanging in the balance. However, the choice was between this rising new opportunity and the security of a good job and everything else that came with it. The answer was to leave D.E. Shaw and establish his startup. A new and exciting adventure was on the horizon.

Chapter 5: Life at DESCO

Everybody on Wall Street called the company D. E. Shaw & Co. Everyone who actually worked there called it DESCO, and they mention the name with affection. It was a ground breaking company that employed methods then considered unconventional in the financial world.

For instance, they were the first to use sophisticated mathematical formulas and employ computers to execute trades that would exploit any kind of anomalous pattern that might occur in the various financial markets around the world.

You could even say that the employees DESCO hired were quite unconventional as well. Other than financial experts, they hired computer jockeys who seemed totally like fish out of water, but they excelled, because they had an ingenious knack for numbers. And there you have it; computer geeks and math wizards taking over financial trade, exploiting disparities in global markets even before the competition could realize it.

The company maintained their lead and was able to keep everything a secret. It was by design a different kind of firm in the jungles of Wall Street. You have there more than your conventional ragtag community of misfits.

You could say that they had more mathematicians and scientists strutting gaily, reveling in their conquests, and at the same time, practicing a modicum of social cluelessness. David Shaw, the man behind the company, was more than an adventurous captain of a seafaring voyager with sails. He encouraged creativity and exacted everything with sensibility.

As a workplace, DESCO was totally unlike the other firms on Wall Street. Where other firms would enforce a dress code that usually meant skirts, coats, and ties, D. E. Shaw employees had the liberty to wear jeans, khakis and anything informal to work. In fact, the employees would stay in the workplace even after work hours, playing either bridge or backgammon all night. The games were usually played for money.

Jeff Bezos and His Life at DESCO

It was 1991 and DESCO was growing rapidly. In spite of the fact that their offices were located in a midtown skyscraper, they were sparsely decorated,

and the company's lobby was an open house of luminescent colors that allowed for plenty of social interaction.

This was the kind of ambiance that Jeff Bezos found himself in. To top it all, David Shaw himself started a fund raiser for Bill Clinton. Of course, Bezos had to have his picture taken with then presidential candidate Clinton.

Jeff was then in his late 20's. Just like any promising professional, he had the appearance of a workaholic with a steely commitment to drive the company forward. At such a young age, he was already balding. But that only hinted at the determination of the man who would one day head the biggest online retailer in the world.

By that time, Jeff was already striking an impression on a lot of people of interest on Wall Street. He was one of the youngest vice presidents in D.E. Shaw, and everyone who met him would be surely impressed by his striking intellect. Everyone remembers Jeff as an upbeat employee. He was personable and loved to micromanage pretty much anything he could get his hands on. One of the key fixtures in his working wardrobe was a notebook which he always had on him. Any new idea, whether discussed at length or mentioned in passing would get written. It was as if he was bound to forget it if he did not write it down.

No one would question the fact that Bezos was nothing short of a capable manager. If there was a shorter description to devote to the man, it would be that he is tireless. If there was an issue at hand, he would deal with it until it everything was spick and span – job done, no questions asked.

Lessons from Every Quarter

At this point in time, Jeff Bezos has grown to be a man who sought to learn something from pretty much anyone he had come to know. He learned to pick out the good and learn from the bad – that would of course echo what Bruce Lee once said about taking with you what is useful and discarding what is of no use.

Bezos also learned lessons from a lot of wealthy Americans, past and present. He also learned from his previous bosses and from the different company cultures he had the pleasure of working with – even from that frustrating McDonald's store. He practiced what Alan Kay, pioneering computer

scientist and best known for his work on object oriented programming, taught that “a point of view is worth 80 IQ points” – that means finding new ways to view and understand things should be valued, since they can enhance one’s understanding. This was also one of the reasons why Bezos got frustrated at Banker’s Trust.

Jeff Meet David, David Meet Jeff

Could you say that the culture and workplace environment that Jeff Bezos experienced at DESCO served as the prototype that he would use in his very own Amazon? You can bet your bottom dollar it did.

Before moving to D.E. Shaw, Jeff was already at the point in his career where he was ready to bid Wall Street a final farewell, when he was convinced to meet one last company exec and try one last company. David met Jeff, and the rest is history.

Jeff even described David as someone he could relate to – you can say that it was something akin to being a kindred spirit. Bezos even graciously described him as “one of the few people I know who has a fully developed left brain and a fully developed right brain”.

At DESCO, Jeff was able to become, well, Jeff. If an employee was able to point him to a new option, he was quick to abandon the old path and try that new thing. Discipline was one of his key characteristics, and precision was laced on everything else.

Calculated Social Situations

Put a bunch of socially awkward geeks together in a room for a one of a kind party and what have you got? Well, you don’t have to answer that question. Remember that the D.E. Shaw lobby was one that you could convert to a ravishing party place. If social interactions weren’t encouraged there, you wouldn’t know what else it would be for.

Jeff was known to be someone who always calculated his moves. He is famously quoted for thinking about increasing his “women flow”, which of course was coined after what Wall Street folks know as deal flow (i.e. the number of “opportunities” that one can access). Now, how did he calculate his chances of increasing that? His answer was ballroom dancing.

But that wasn't how Jeff Bezos wooed his wife.

Chapter 6: Hiring Your Wife

Back then, when Jeff was still in D.E. Shaw, the company saw remarkable growth. The current employee base was no less than brilliant. Imagine finding some of the best minds that could ever be produced in that generation, all working in the same building?

But there was one flaw in the entire setup. As someone once wisely put it, if you overspecialize in your organization, then you will eventually breed in weakness (if you caught on correctly, you should have recognized Major Kusanagi's comments from the classic Japanese anime *Ghost in the Shell*). Well, enough of that.

Broadening the Horizons

Here we see the ingenuity on display by David Shaw. Sure, the company was growing, but what about the people who actually made up the company? Most of the people working for him were either science geeks or math wizards. There is no question about it that a growing company needs new blood to help push it forward. And there he went fishing out for that new blood.

He turned his attention to what he called the generalists. He was actually referring to new graduates from the best universities that were able to demonstrate a particular aptitude with regard to certain subjects that may be beneficial to the company's enterprise.

As a result, D.E. Shaw & Co. scoured through the dean's list of the best colleges in the country. That included all the Fullbright scholars that could be found. The company then sent hundreds of recruitment letters (all of them were unsolicited) to these potential fresh graduates.

Needless to say, the company was on the hunt for those who were particularly extraordinary – in a way, you could say that the effort was like the gifted looking for the next generation of gifted professionals. If you want to describe this ambitious recruitment effort in one word, you can say that it was quite aggressive.

The respondents were later filtered as well. They should have enough grade point averages to be considered, for one thing. There were aptitude test scores

too. Anyone of the candidate employees who gave the impression of being extraordinary was chosen flown to New York to face a day's worth of interviews.

You would've thought that they were off to a lovely vacation, but no, they were being sent to boot camp as it were. The interviews were no less than grueling, and the employees at D.E. Shaw loved conducting them. The recruits were asked questions that you wouldn't normally hear during job interviews – well, this wasn't your ordinary job interview anyway, come to think of it. You were given a riddle and would be gauged not by the answer you provided, but by how you solved the problem.

At the end of the day, everyone should be having a rather celebratory mood, since they were able to pull it through and reach the end of the line; all the candidates were gathered together in one room. They would meet and mingle, and form opinions about one another.

They would then express their opinions about the others who were in the room. The opinions that they would express were not random, spontaneous, and personal. They were given four choices: strong hire, inclined to hire, inclined not to hire, and strong no hire. All it took was one negative opinion to sink one job applicant. It should be noted here that this and other innovative hiring principles and practices were carried over when Jeff and other former D.E. Shaw employees moved to Amazon.

And Then Came MacKenzie Tuttle

The DESCO recruitment effort was no less than massive. It was at a considerable expense for the company, but that also broadened its talent base. They were able to gain professionals and experts in other fields outside of math and computer science. It allowed them to see things quite differently and in totally new perspectives.

However, for Jeff Bezos, it meant the end of his ballroom dancing efforts to increase his “women flow”. And then came MacKenzie Tuttle. You can cue your favorite Lionel Richie song in the background at this point.

Well, who is MacKenzie? For starters, she is a fellow Princeton graduate – having the same alma mater does spark an instant connection, right? She studied with author Toni Morrison. That also means she finished with a

degree in English, by the way. She graduated from college in 1992.

As fate would have it, she got hired and had her office right next to that of Bezos', and of course that meant regular interaction. You can even say the two began to use targeted and well-calculated tactics to each other's hearts.

For her part, MacKenzie began by suggesting lunch to Jeff. It was the beginning of something wonderful for the two. On the other hand, Jeff was more elaborate with his tactics. He at one time, hired a limousine to treat several of his colleagues and spend some time at the night club. It was definitely nothing short of a covert move so that he could create a bonding moment with MacKenzie.

Was it love at first sight? Who knows? But MacKenzie confessed in a 2012 interview with Vogue magazine that she adored that famous conversation stopping laugh of Bezos from the office right next door. She even said that you just couldn't help falling in love with it.

After three months of dating, the couple eventually got engaged. Their 1993 wedding three months after that was held in West Palm Beach. Needless to say, the two were a perfect match, and that would one day help them move things forward, especially when new horizons needed exploring.

Chapter 7: The Rise of the Web

The early 90s were a time of great advancements in technology. Well, it wasn't the height of the internet or computer technology, but it was the moment of that big push into what we enjoy today. For the employees at DESCO, it was the time of rapid changes and several advances forward. It was a great time for anyone to have a career in such an innovative company.

With such ongoing rapid growth, the company was becoming more diverse when it came to talent. That also meant that the day in and day out processes in the company were getting more difficult to manage.

That was why a consultant was brought in to evaluate the executive team. The Myers-Briggs personality test was administered, and the results weren't really that surprising – the team leading the company was composed of introverts. Well, Jeff Bezos was included, but he was considered the least introvert person in the group. It appeared as though Bezos was the finest sample of an extrovert in a generally introvert population.

This was also the time when Jeff's natural leadership ability really shined. He was given the opportunity to manage the options trading group, and ran everything remotely. His attention to details and focused micromanaging style allowed him to become successful at it, in spite of the distance. Could we say that this was a precursor to the telecommuting setup we have today? Perhaps, though what they had wasn't really 100% remote work.

The biggest challenge to Jeff Bezos' group had come in the third-market business. It was a high profile entry, and of course the competition was stiff. The market leader at the time was none other than Bernard Madoff. Yes, the same Madoff who engineered that huge Ponzi scheme that got cracked down in the year 2008. His third market division wasn't planning on giving up their position and dominant market share. To his credit, Bezos was able to maintain rally the team and face the odds.

The Internet Ascending

The idea of an “everything store” that would sell products via the internet was an idea that had been floating in the D.E. Shaw offices and the rest of Wall Street to some degree. However, DESCO was uniquely positioned

compared to other firms, since they already had the systems setup and were ready to take advantage of the rising phenomenon.

Equipment-wise, DESCO jockeys were already on internet-ready Sun workstations, while the competition still had to convert their tools from trading terminals. They already had the tools and were making use of the internet ahead of the competition. DESCO was one of the very first companies to register its URL (1992), and other companies followed suit, such as Morgan Stanley (1996) and Goldman Sachs (1995).

The internet was the successor to what the military used for networking, called the ARPANET. David Shaw already saw the immense value of having a single global computer network and he was already expecting it to come along eventually. Bezos, on the other hand, learned about the internet back in 1985, while taking astrophysics classes. However, it was Shaw, not Bezos, who envisioned the commercial potential of the internet pretty much before the rest of his peers.

Business Ideas Brewing

Now, the “everything store” was not the only business idea that was floating in the air back then. Come to think of it, a lot of the ideas that were discussed within the DESCO halls and think tanks became precursors to the different business models that we have today. For instance, one idea was to provide free email service that was financially supported by advertisements. That’s pretty much the same business plan being used by Yahoo Mail, Gmail, and pretty much all other free email providers today. DESCO, for their part, developed the same and called it Juno.

Back in the day, you only had access to stock market data through your broker, whom you had to call and discuss options with. With the advent of the internet, stock traders could access the trading data for the day, make their decisions, and take their positions on the market right where their computers were located. There was no need to travel or call a broker – your stock broker was online and you would be transacting via a computerized trading system.

This is a common financial service today, and different banks have delved into it today as well. Back then, this novel idea was forged by D. E. Shaw, creating the subsidiary known as FarSight Financial Services. FarSight was later sold to Merrill Lynch.

David Shaw already saw the market potential of the internet. Bezos, on the other hand, wanted to be sure about the deal. He was definitely intrigued by the conviction displayed by his boss as if it was some sort of a prophecy that was about to be fulfilled.

So, Jeff Bezos did his own research on the matter. What he discovered would not only convince him of its viability, it would also make him do what a lot of people would see as unthinkable.

Chapter 8: A New Dawn: Garage Inc.

Jeff Bezos' adoptive father, Mike, and his mother Jackie, couldn't believe what their son was telling them over the phone. He was leaving a steady and stable job at Wall Street and walking away from a potentially hefty bonus. And he was leaving to start, what, a store that would sell books on the internet? Oh yes, and on top of that, he would have to borrow his dad's car. That's not a very promising way to start an exciting venture – or is it?

To some, the idea was ludicrous. The news was more than enough to make his parents worry. Now, who wouldn't? A steady high paying job with managerial prospects was not something that a lot of people would turn their backs on. Add to that the fact that Jeff was already doing really well and had already gained the admiration of his peers. You could say that his future was already secure with the company he was working for.

That was one side of the equation – a very potent and rather convincing side. On the other hand, there was the prospect of something big that could only be scarcely imagined. He figured it was big, but it wasn't there yet. His pioneering spirit was urging him forward albeit enticing him.

And this is one of the unique situations that entrepreneurs find themselves in. There is the tug and enticing pull of a stable and secure job, and the probability of something much better. It is interesting that best-selling author Roberk Kyosaki would make the corollary of job security to a prison. A prison, much like a secure tenure in a growing corporation, gives you everything you will ever need. You are secure, you have guards watching over you, a free bed, free food, and a nice roof over your head. You feel and think you are secure, but you are never really free.

And that is where the entrepreneurial spirit takes advantage. The future is unsure, yet the horizon is promising. If you navigate things correctly, then the vision will soon become a reality. However, you will never really know that until you have tried. And that is what Bezos had in mind – that he would rather try to succeed as a startup (with the risk of failure hanging in the air as well) or he would never rest not having tried at all in his life.

The Math Error and The Birth of Amazon

John Quarterman raved about the internet in his newsletter in February of 1994, The Matrix News. He broke down the growth of the World Wide Web, extolling it as a new form of internet technology that would appeal to a wider and more global audience. It was estimated that the web grew by 2,300% from 1993 to 1994. That figure startled Bezos and it would appear for a time that it held his mind. Factoring everything, that would be about a 2,300 percent increase. This figure, 2,300 percent, would become a familiar figure in many of Jeff Bezos' speeches, and everyone would reference the fact that Amazon as a business was hatched due to a math error.

Mathematical computations aside, you will still have to agree that things don't usually grow that fast in one year alone. The growth of the web at the time was totally unprecedented.

Amazon the Book Company – a Kindle Forerunner

The idea of an “everything store” was the absolute ideal. That would serve as the goal that Bezos and his future company would be aiming for. However, given the current state of affairs at the time, trying to sell anything and everything via the internet wasn't yet that practical. So he jotted down the most viable products that he could start selling in an online store. He was able to write down 20 items on his list.

So what was included in the list? Of course, Bezos considered certain factors when building his list of items. Here are some of the potential products he came up with that seemed to have market potential and were quite feasible:

- Books
- Music
- Office supplies
- Apparel
- Computer software

At the very top of his list are, of course, books. Later as history puts it, Amazon would pioneer a phenomenon when it came to eBook sales on top of the actual printed material that the online store still sells today.

So why did the prospect of selling books on the internet come up as something very feasible for him? Well, for one thing, you can classify it as a pure commodity. It doesn't matter where you buy a copy of the book. The

one you bought from this store will look exactly like the one your spouse bought in another store.

That will mean that buyers will know that the product they bought will always be identical to other similar books, because they came from the same printing or publishing company. Another fact that jumped right at him was the fact that there were only two primary distributors of books at the time.

One was Ingram and the other was Baker and Taylor. If he were to put up a startup company, he wouldn't have to bother contacting the thousands of individual publishers nationwide. All he ever needed was to make arrangements with these big distributors. One last factor that was very important was the fact that there were more than 3 million books in print at the time. That would give customers a wide range of options to choose from – and customers really love options. That is also a huge stash of books that no individual seller could house in one store.

Since he was still starting, he couldn't offer “everything” in his store just yet. What he would have to start with was at least the essence of that concept, which he found in the form of books. He was in effect giving an exhaustive supply of options, but only for one type of product – well, for now. That would be his major selling point, and also the part of potential customers that he would have to take advantage of – that they truly value a good selection.

This idea and prospect was so enticing that it made Jeff Bezos leave his job, pack up all his belongings, leave his dedicated and loyal team (well, for now, at least – he signed a contract with DESCO that he wouldn't hire D. E. Shaw employees for a specified amount of time, in case he would quit his job), and start his new enterprise in a garage.

Well, he wanted to take advantage of the tax sales exemption, so he had to find a way to keep things to that. On their drive to Seattle in Mike's car, Jeff was in the passenger seat writing the business plan, profit projections, and pretty much anything and everything that had to do with the business. Before the merry couple settled in their very own garage Inc., they stopped to watch the sunrise at the Grand Canyon. It was a new dawn, and new prospects were in the horizon. It wasn't going to be easy, but deep in his heart, Jeff Bezos had that sure gut feeling that he was doing the right thing. History verifies what sort of fortune smiles on the bold.

Chapter 9: Boldly Go Where No Man Has Gone Before

It took courage for Jeff Bezos to say goodbye to such a persuasive boss in David Shaw. It also took courage to leave everything behind. Was it entrepreneurial boldness that drove him? Was it something else? Again, the most we can do is to speculate and judge by what he has done until the man reveals his inner world.

He told his mother that he had to move really fast. He needed to take advantage of the situation before things started taking off without him. That was his reaction to his mother's suggestion to just run the business at night or just do it on the weekends.

In effect, she was telling him that he shouldn't leave his day job. It was the middle of the year and it seemed that it wasn't the best time to start a new business venture. As stated earlier, Bezos was a man who always made calculated moves. He knew that the timing should be right and that he had to set things up before the ball would get rolling, so to speak.

Before Everything Else...

Now, everything was urgent, and there were a lot of things that needed to get done and out of the way before he could launch his new business venture. So, what should be his first move? He watched the final episode of Star Trek: The Next Generation. Yes, that was truly important and it had to be taken out of the way first.

Now that he was over that, the next move was to fly to Santa Cruz, California. There he met Shel Kaphan, who also shared the same enthusiasm about the prospects the internet brought. Kaphan would later become a pioneering member of the Amazon team, and others would even think of him as a co-founder of the company.

The two went on to look at different office spaces in Santa Cruz; however, Bezos changed his mind later. This was the time when he learned about the Supreme Court ruling back in 1992 about tax exemptions for mail order companies that did not have any physical area for their operations.

Because of this ruling, a lot of mail order companies avoided states that had high populations – an example of which was California. So, scratch the Santa Cruz idea and find some other base of operations that will allow you to take advantage of the tax exemption. And yes, New York is also out of the question – too populated. This was another fine tuning that Bezos implemented to his new and upcoming business idea.

Solid Advice for a Friend

Jeff Holden worked with Bezos as part of the third market group. He was one of the engineers in the group and the two became close. Holden was a new graduate from the Urbana Champaign campus of the University of Illinois. At the time, Bezos had already told his colleagues, Holden included, that he was leaving DESCO.

Of course, Holden held that certain loyalty to his boss, with whom he worked hard to beat the challenges that came along with the third market project. Bezos usually joked about how fast Holden talked and he usually would tell everyone that Holden taught him to listen faster.

Holden told Bezos that he wanted to come with him in his new business. The two were talking over beer. Bezos got worried for his young friend. Holden had just graduated from college and that meant he was in debt – a sad reality about the country's young professionals.

On top of that, Bezos acknowledged the fact that starting a new business on a relatively new technology at that carried a huge degree of risk. Another thing that would put a proverbial wrench in their engine was the contract that Bezos signed when he accepted his job post in D. E. Shaw. He was bound by the contract not to recruit or hire former D.E. Shaw employees for two years after he left the company.

Knowing the kind of man David Shaw was you wouldn't want to cross him. So what would be a good piece of advice that Bezos could give to such a promising young man? What he then said to his friend was genuine and truly wise. Bezos told Holden that he should stay with D. E. Shaw for the meantime, and that he should establish his net worth. That also meant paying off his college debt. Once all that was done, Bezos would contact him again – and true to his word, Bezos did keep in touch.

This little tidbit should be a pattern for anyone who is interested in putting up a business or any kind of investment. No one should go gung-ho when it comes to investments. You don't just jump into the bandwagon just because it is popular or you can trust the one at the helm.

That part of Bezos' advice about building one's net worth is also important. You can actually detect a pattern in the nugget of wisdom provided here. First off, pay your debts as fast as you can. Next, build your net worth. You should have at least a reserve fund or an emergency fund so that if the business idea you are pursuing doesn't turn out well, you have something to hold on to.

Your net worth and emergency fund will also act as a buffer when times get rough so that you won't get tempted to pull out your investment prematurely. One last detail that everyone should notice is the mentorship that a senior professional can provide. Bezos learned from the executives and other business leaders he came in contact with. In Holden's case, he was learning from a mentor and friend in Bezos.

It is true that visionaries boldly go where none dare go before. But visionaries can also venture into the unknown with calculated steps. They can rely on their experiences and time endowed wisdom as they tread forward to pave the way for the rest of us.

Chapter 10: David and Not Exactly Goliath

David Shaw and Jeff Bezos were kindred spirits, or at least they were two like-minded people. They had points of views that resonated, and both of them were venturing souls. That is why when these two great minds met at the cross roads you knew that something great was about to happen.

It's not exactly a David and Goliath sort of event and neither is it something of cosmic proportions. It is a moment when two great men, friends, say goodbye at the crossroads of their lives - minus two mugs of beer. It would have been great if they had those during a lonely walk, but the conversation they had wasn't exactly what guys usually talk about in a bar.

Sample Test Run

The idea of a bookstore that sold its items over the internet wasn't exactly a novel idea. There were already early efforts and online bookstores during the early 90s. Examples of these bookstores that sold stuff via the web included Words Worth and Book Stacks Unlimited. Jeff Bezos learned about them and tried them out.

With the help of Charles Ardai, the chief recruiting officer at D. E. Shaw, Bezos ordered a six dollar book – it was *Cyberdreams*, by Isaac Asimov. The delivery wasn't great and it took 14 days for the book to get delivered to Jeff's office. Ardai got the package and ripped it open. It revealed a rather shabby and poorly cared copy of Asimov's book.

Well, that was really disappointing if you were the usual consumer, but not in the case of Bezos. It was a clear sign to him that there was really an opportunity there. It meant that the competition really didn't know how to properly sell books on the internet. The competition was doing a poor job at it and it was an opportunity to capitalize on the current situation. He could set up his online store, sell books in good quality, give customers a better option, and blow the competition away.

That seemed like an exciting prospect, but then there was this issue with the big boss, David Shaw himself. Bezos still had to formally tender his resignation and make the big man aware of the intent.

One Cosmic Event in Internet History

Bezos was looking for an opportunity to fully own an enterprise. He admired, and you could say emulated, to a certain degree, Domino's Pizza franchise magnate Frank Meeks. Meeks owned up to 60 Domino's Pizza franchises, which made the Washington area his territory, so to speak, although he was far from being a thug or gangster. His so called Team Washington delivered pizzas to a lot of key places, such as the Congress, the Pentagon, and the White House.

He was regarded as the greatest franchisee ever to grace the history of Domino's Pizza. He was a philanthropist, who among other things gave away scholarships to the outstanding team members of his many franchise establishments. He donated to the local Little League and the Children's National Medical Center. Frank Meeks died in November 9, 2004.

Bezos wanted to achieve that level of equity from an enterprise that he himself had created, just as Meeks did. It was clear though that he could never achieve that if he operated under the wings of DESCO and David Shaw.

It was the spring of 1994. Jeff Bezos approached David Shaw and told him that he was leaving the company to put up his own online bookstore. David Shaw's response was that they took a walk – perhaps one of the longest walks in the lives of both men. It was a pretty significant discussion between the two; well, you can surmise that because their “walk” lasted for about two hours wandering around in Central Park.

David Shaw could see the same drive and spark in Bezos. It was the very same thing that drove him to leave Merrill Lynch and to start his own company. David pointed out to Jeff that the company they were running was growing rather quickly, and that Jeff was already doing such a great job. It was something that Bezos had already factored into his decision and was fixed on that very purpose. The pair agreed that Bezos should take some time to think about it. Bezos spent 2 weeks and then he made his decision to leave.

The Regret Minimization Framework

This term, the “regret minimization framework”, was something that people would hear from Bezos in several interviews about his life and the growth of

Amazon. He said that this was what he had to decide: whether to stay in the safety of his job at DESCO or to walk away and pursue his venture to start a company of his own.

He was quite likely influenced by a book he read at the time, entitled “Remains of the Day” (*Kazuo Ishiguro*). The book related the story of a butler who recollected his choices during World War II living in Great Britain.

Simply put, the regret minimization framework means to take that point of view when you’re at the cross roads of your life and imagine yourself in the future, looking back at your life. With that “end of life” perspective, as in Ishiguro’s book, look back at your life, at the decisions that you have made, and see the ones that will make you feel the most regret.

On the one hand, there was the regret of walking away from a good job, and there was this huge wave of an opportunity that will never come again in his lifetime on the other. Bezos surmised that the amount of regret he would feel at not having started his own internet based company was bigger than the one he would feel walking away from his Wall Street job. He then proceeded to choose the path of least regret.

With that he left D. E. Shaw & Co. He later recalled that with that kind of framework, the decisions to be made in the critical junctions in one’s life would be made easily.

Chapter 11: Biggest River, Biggest Bookstore

It was October of 1994, and Jeff Bezos found himself going over the contents of a dictionary when he experienced what may be the equivalent of an epiphany. The idea was to choose a URL and company name that began with the first few letters of the alphabet. Well, that was how the results of search engines were listed back then – alphabetically. So, if you want to be in the first pages of the SERPS, then start your website URL and name with any of the first three letters of the alphabet.

There he was reading and a word jumped at him – Amazon. It was a river, but not just an ordinary river. It was the biggest river in the world. According to Bezos, not only was it the biggest river in the world, it was also far bigger than the next biggest river on the planet. It was the biggest river and he was about to make the biggest bookstore too. It was a brilliant corollary.

He announced it to his colleagues who were using his basement as the company's office space. The way he announced cast a message that he didn't care what they thought and he wasn't soliciting their advice. He was declaring it and no one was allowed to challenge his suggested company name. In November 1, 1994, the URL amazon.com was registered.

The Trouble with Names

The story on how Amazon started is a familiar one. It's pretty much the same story of many technopreneurs that many will hear. Here was a ragtag bunch of misfits (well, since it's tech we're dealing with, these guys were technically nerds). They started their enterprise on meager funding. Somehow, they were able to put it all together and through the years, eventually making their venture a success.

Bezos had trouble picking out a name for the said enterprise. They filled about 2 notebook pages full of suggestions while Bezos was discussing the idea with his young friend Holden. The name Cadabra Inc. was the token name they settled for, but it was clear from the get-go that they would not commit to the name. Well, it didn't sound that good, especially for their lawyer Todd Tarbert, one of the first lawyers of Amazon.

Again, his love for Star Trek surfaced and Jeff Bezos thought to name his

new and upcoming business as MakeItSo.com, after the line that Jean Luc Picard would frequently say in the show. Well, the line became so popular that it also became one of the spiels of battle cruiser captains in the game StarCraft: Brood War. Well, enough of outer space science fiction. MakeItSo didn't make the cut, and they settled for Cadabra for the time being. After registering the name in July 1994 with the Washington State, he commented that the name sounded obscure over the phone – it sounded pretty much like cadaver.

Shel Kaphan heard Cadaver Inc. the first time he heard the name of the company. He commented “Oh God, not this again”. Well, he had previously joined other ill-fated startups (startups) previously. One of the poorly named companies was called the Symmetry Group, which sounded a lot like the Cemetery Group. He was also part of Kaleida Labs – the ill-fated joint venture by Apple and IBM. This was part of the reason why Kaphan had reservations about this venture that Bezos was involved in.

The only thing that moved Kaphan to stay was the fact that he shared the same vision with Bezos about the internet. He saw that it could make the idea behind the Whole Earth Catalog (i.e. making tools and information available globally) come true. Without that vision of the future, he might have packed up and left.

And yet he was ready to leave – he left some of his belongings at home, in Santa Cruz, just in case things went south. He had a lot of stuff; well, he was able to fill an entire U-Haul full of his belongings when he moved with Jeff and MacKenzie. Shel became the company's founding employee. What was his job? Well, he was a tech, so he served as their primary tech guy. Shel Kaphan joined them in the fall of 1994.

They had already booked several URLs, such as Bookmall.com, Browse.com, and Awake.com, but none of those appealed to them. They also thought about using Aard.com (a Dutch word). One URL that stayed with them was Relentless.com – type that in your browser and try to go there. It will redirect you to Amazon.com. The URLs they booked became landing pages or used as redirects.

Threadbare Budgets and Startup Ideas

Who said that you need a million dollars to fund a big idea? The principle of

“start small, think big” rings a bell whenever you think of startups that eventually became international corporations. The same is true with Amazon. A lot of people will think that the only way for a business to thrive is to have a huge amount of capital funding. As it turns out, all you need is a good idea that makes sense and then the rest will follow. Work on the idea, hone it, perfect it, and everything will work out. How much money did they initially use to fund their future billion dollar worth enterprise? It was \$10,000.

So, how did Jeff Bezos formulate the idea for Amazon? Well, here’s the story. The couple packed up all their belongings, and since they were kind of tentative about where they would actually be moving, they just told the movers to load everything up and bring them across the country. They promised to call them the day after and tell them exactly where to bring their belongings. That sounded like a crazy idea, but eventually it worked.

After giving directions to the movers, the couple flew to the Bezos family home (Mike Bezos’ home) in Fort Worth, Texas. As stated earlier, they phoned in before and told Mike they needed to borrow his car. Mike agreed and lent his 1988 Chevy Blazer. They then started heading in a northwest direction.

During that long drive, MacKenzie was at the wheel and Jeff was busy crunching numbers on a spreadsheet while in the passenger seat. He included revenue projections and other numbers that he would use to present to anyone interested in looking into their books. He would later show his computations to his parents, who would fund the startup with \$100,000. A lot of the initial funding Amazon got was actually from the Bezos family. You could say that the entire business started out as a family affair.

After seeing the revenue projections and other calculations that Jeff made in that backseat, his parents Mike and Jackie felt like everything went over their heads. Of course they didn’t understand everything. However, they were convinced to fund the idea, not because the numbers made sense, but because they trusted the man behind the numbers.

They admitted later on that they trusted their son Jeff and they bet on him with that \$100,000. They knew the business would fly because of the man at the helm. And sometimes, that is all you need when it comes to starting a new venture – faith; you need to have faith in the visionary who started it all and you need to have faith in each other. So, were the numbers that Jeff Bezos

presented correct? No, they were grossly inaccurate.

Here was a 31 year old bright and promising entrepreneur with his equally brilliant wife by his side. What they are doing here is living an entrepreneurial story that will inspire millions of hopeful people about one of the biggest success stories about the Internet.

Location, Location, Location

So, why Seattle? It was the 90s and Seattle became popular for producing some of the best grunge music in the world. They had everything, from Stone Temple Pilots to Eddie Vedder on Pearl Jam. But why did Jeff Bezos choose Seattle? Well, it wasn't necessarily for the music – you can bet on that for sure.

For one thing, there was a relatively small population, which as stated earlier, was a common pattern for a lot of book dealers and mail order companies. It will also significantly save them a good deal of money. How? Jeff Bezos understood the tax laws, and that is one avenue where every entrepreneur should look into if they really want to cut costs. Remember, Jeff Bezos is a cost cutting machine, known for his frugality. Frugality of course will later become one of the company's primary core principles. With the smaller population in Washington, they only need to pay a minimal percentage of sales tax.

As a bit of an FYI, the business community in the area was quite promising. For one thing, you had Microsoft as a next door neighbor of sorts. The company was thriving well in Redmond, which wasn't really that far. On top of that, there were two big book distributors in the area, which would be very advantageous for the fledgling company. Another advantage the area brought was the fact that computer science graduates were a growing community, all of them graduating from the University of Washington.

Potbelly Stove Beginnings

Bezos converted his garage into what he saw Shel Kaphan setup in his own home office. It was an enclosed space, big enough to start an office. For heating and other needs, there was a potbelly stove at the center.

They needed some office furniture, so Bezos constructed desks with his own

carpentry skills, using wooden doors that he bought from the local Home Depot. Again, this was frugality in practice. This practice of cost cutting when it came to company furniture will carry over in the lives of Amazon employees and it will at times be like Gospel to them.

Shel Kaphan later got busy figuring out how to setup the website and then writing code. Note that these were the early days of the internet. You didn't have content management systems in place. That meant everything had to be built from the ground up – customized into your own taste. Kaphan had to figure out how to code the beginnings of Amazon's website. He looked for databases and computers – all of which would cause them some degree of trouble, since they yet did not know the level of traffic that would be coming when the site began to take off.

Jeff Bezos, on the other hand, went to attend a seminar sponsored by the American Booksellers Association in Portland, Oregon. It was a four day course specially tailored for independent book sellers. A lot of the topics covered in those four days included important concepts, such as how one should select and build a book inventory and inventory management.

Financing the Idea

So Amazon started with an initial capital of \$10,000 straight out of Jeff Bezos own pockets. The coffers were okay and you could say they were deep, but they weren't bottomless nor infinite. Besides, you wouldn't want to lose your life savings over a business enterprise.

Ten thousand dollars was Jeff's initial investment. He will then have to inject an additional \$84,000 in cash in the next 16 months. These were loans he made to the company and they were interest free. For his part, Shel Kaphan passed on the \$5,000 stock option, which was stipulated in his contract, and bought an additional \$20,000 in company shares.

They will be receiving low salaries while the company was starting – about \$64,000 a year, but that didn't bother Bezos. Kaphan was a bit worried; he did have some savings, he admitted, but didn't want to risk anymore of his personal money than he was comfortable with.

That should be a guiding principle for any investor. You should only risk money that you are comfortable with. In case you lose everything you

invested, you will still have something to fall back on.

It was already mentioned that Jeff's parents coughed up their very own \$100,000 to the company. And since Jeff wanted to have the chance to come home during Thanksgiving, Bezos' own words, he told them there was a 70% risk that they would lose it all. His parents understood the risks and they too had something to fall back on, since Exxon, the company that Mike worked for, was already paying for the couple's living expenses.

The Mythical Team

And so there they were, Jeff, MacKenzie, and Shel. But Team Amazon was still growing. They would be later joined by Paul Davis. He was a staff member of the computer science and engineering department of the nearby University of Washington.

Davis joined Kaphan and Bezos in their makeshift office to create what would be a primitive Amazon website. The equipment they had to work with were SPARCstation servers, the kind that drained a lot of power. They would be making a habit out of replacing fuses for a time. Later on, the team ran each computer on a different circuit so they wouldn't have to replace fuses all the time. But that meant that they couldn't even run a hair dryer in the house – these pizza box computers drew a lot of power.

Davis would even describe their initial status as a “pre-startup”. There were three guys doing the programming work and MacKenzie was doing pretty much everything else. She will later be working as the company's first accountant. She will also be the one to write company's checks and help with the hiring process. The guys, on the other hand, sat around a table and had a whiteboard in the room. During those early days of Amazon, they just did the programming and divided the work between the three men.

These were modest beginnings, and it wasn't the only romantic startup story in history. It's the same story you will hear from similar stellar companies such as Hewlett-Packard, Microsoft, Facebook, and Apple.

It was also kind of ironic that the little gang of would-be millionaires had coffee breaks and company meetings in the nearby Barnes & Noble. This will be a fact that Jeff Bezos will highlight several times in his speeches.

Chapter 12: Amazon Ascending

More than one year had passed since Jeff Bezos left the comfortable offices of D. E Shaw & Co. Jeff Holden, as he had resolved to do, following the advice of his former boss and friend, stayed and built his net worth, and slowly paid off his college debt. Later he received an email from Bezos, hearing from him for the first time in a long time.

He learned that his friend had already settled in Seattle and had already started his website. They called it Amazon.com. There was a link to the site in Bezos' email. The site of course was simple and you may even call it naive. Take note, all the fancy stuff like JavaScript, video, AJAX and all the interactive fancy features that we are used to didn't exist back then. You can even say that the Amazon site back then was at its bare bones.

Needless to say, Amazon.com wasn't as impressive as it is today. Most of it was text; nevertheless, what the three men did was nothing short of impressive given the context of the site's creation. Holden offered some feedback after buying a few books from the store. It would be another year when Holden would hear from Bezos again. By that time, his phone rang and the two spoke. Bezos told him that it was time to pack the books and head to Seattle.

It's Alive! Amazon Awakens! Well, At Least in Beta Stage

Amazon's inaugural order was made by John Wainwright, a former coworker of Kaphan's. Kaphan contacted him and asked him to try the service of the new website. He purchased Douglas Hofstadter's Fluid Concepts and Creative Analogies on April 3, 1995. To his honor, one of Amazon's buildings in Seattle is named Wainwright.

These were the early stages of the Amazon website. The site itself wasn't at all that inviting – well, visually. However, if you check out the systems they have developed in the background, you will definitely say that it was a true milestone.

They offered a virtual shopping basket. They created their own search engine, though it was a bit rudimentary. The best thing about it back then was that they found a way for customers to enter credit card numbers safely. These

were some of the stellar achievements that these guys did on the background.

Of course, not all of the systems they wrote got rolled out. For instance, Davis and Kaphan developed a system so that customers could get book information and then place orders via email alone. That was an interesting idea and it would not require customers to visit the site directly – well, given the slow speeds of the internet back then, it was a way to help preserve the bandwidth. However, this idea didn't get the heads up and wasn't included in the early design of the Amazon website. Nevertheless, you would have to tip your hats to these fine gentlemen for a job well done; these were, at the time, true state of the art computer system developments.

The tools they had would be considered primitive compared to the ones we have the luxury of using today. They used an early database called Berkeley DB and they were still coding in C Language. The hardware and software they were using would never be able to catch up to the level of activity and traffic that was about to come their way.

In its initial stages, every time a book was purchased, a bell would ring in one of the computers of the Amazon office. It was like a ritual. Everyone would gather around to see if any of them knew who the customer was. Back then, they marketed the books through word of mouth – something that a lot of people thought had gone extinct at the coming of the digital age. How terribly wrong they were. A few weeks later, that bell rang so much that they had to turn it off, since it was becoming annoying.

Lower Prices

One of the attractive features of their offer was the price. The company saved on the cost of their operations, so they were able to offer a lower price – that would be something to become practice in the company to this day. In fact, you will hear from bloggers, affiliate marketers, and actual customers that buying stuff over the internet is actually cheaper compared to buying stuff from a brick and mortar retail store. Back then, Amazon paid 50% off the indicated list price of the books since they purchased in bulk. Amazon offered their books up to 40% off the list price if you bought a best seller.

Inventory and Delivery

One of the first issues with purchasing items online was delivery. Remember that Jeff Bezos himself tested the services of his would-be competitors – they

sucked at delivery and the book arrived as if it was beaten up by a horse; well, that is putting it figuratively.

The company didn't have an inventory at first, but they did have a warehouse after they moved out to newer and larger warehouse spaces. They would order the books from major distributors and wait until the book arrived. It would sometimes take days. Afterwards, they would store the orders in a basement until they could get shipment ready. Then, they would ship it to customers. The delivery process usually took a week for easier orders. If the titles they ordered were a bit hard to find, then it would take several weeks or more.

They would later refine the order and delivery process. Everything would be a lot easier later on, when the company would have its own warehouse and more people to staff it. The company was learning and it was shaping up to become what it is today.

The Age of Customer Reviews

You may think that customer reviews on the Amazon website was more of an afterthought. No, it is not. It was there from the beginning –the very beginning. Bezos learned that reviews provided by actual customers were so much better than reviews written by book critics. It actually provided more rapport between Amazon and its customer base. What happened was that it appeared that the company was on the consumer's side of things. They would tell you which books (well, in the future, the other products as well) weren't good and which ones were great. Shel Kaphan himself wrote one of the very first reviews.

The Site Goes Live on July of 95

Amazon was fully launched on July 16, 1995. The company was already hard pressed to keep up with orders during the beta phase. Note that they marketed their books then only by word of mouth. Now in July, they finally opened the flood gates. What should you expect? Yes, the orders increased, doubled, and rose some more, and at times, rather exponentially. Other avenues to spread the word came along, like being featured on Yahoo, for instance. Back then, the most popular and trendy stuff were on Yahoo.

During that year, they discovered one of the facts about human behavior.

Everyone ordered pretty much anything – the scope of topics ranged from sex guides to comic books. So what was their best seller for that first year? It was Lincoln D. Stein's How to Set Up and Maintain a World Wide Web Site: The Guide for Information Providers. A lot of customers ordered how-to books, a precursor to DIY guides that would later become the next big thing in the years to come.

It didn't take long before they were selling books to all 50 states and other countries across the world. That also meant that the level of chaos in their operations already at an optimal level. But there were still a few more features missing until the full system would be complete. For one thing, they did not yet have a return process.

Put Customers First

One of the foundational values in Amazon is to put the customer first. They would usually say that one should obsess over the customer before they should obsess over stock holders. It is a fact that customers will tend to be more loyal than some unknown and anonymous stock holder or holding company.

Customers will be there with you through thick and thin, while a stockholder will sell his holdings the moment they notice your stock price went down. Jeff Bezos himself will be quite obsessive with this idea and he will preach on this subject almost to Biblical levels.

The Need for More Investor Capital

Remember that the vision that Jeff Bezos had for the company was not for it to be purely a bookstore on the internet. A lot of the people in the new thriving company, as well as the folks on Wall Street, thought that he had just found his niche and was now selling books via the internet.

Remember, what Bezos and Shaw discussed was The Everything Store. When Bezos finally took that out of his chest, some of his colleagues thought he was crazy. Shel Kaphan understood this in part, but still thought Bezos was crazy. Davis, on the other hand, thought that Bezos was out of his mind.

It was a sad tragedy that Davis left the company not knowing that he was walking away from a fortune. Bezos even visited him later in the hospital, after he left Amazon. Davis had to sell his house but met an accident; he

accidentally cut off a tip of his thumb while using a power saw.

If making people believe him was tough, how hard could it be to convince would-be investors to send him the much needed seed money? Jeff Bezos was a truly charismatic man. He was full enthusiasm and his barking laugh was loud enough to stop any conversation even in a crowded room.

When he spoke to would-be investors, it would seem that he was pulling his projections out of thin air. That may seem contrary to the company culture that was solidly based on metrics. At the time, back in 95, the company had assets totaling \$139,000. Of the total assets it had then, \$69,000 was in cash. Back in 1994, the company already lost \$52,000 and was projected to lose another \$300,000 in 1995. It was growing albeit modestly.

It may seem far-fetched, but Jeff Bezos projected like it was pure prophecy from a theophany that the company would soon make sales up to \$74 million by the year 2000. His best figures, if everything went really well, were \$114 million.

Did anyone believe him? Some did, while others did not. Some thought the valuation was too good to be true. But just like his parents, others put their money on Jeff Bezos. Seeing the figures was one thing; believing in the man behind the helm was another. So, did Amazon make \$114 million by 2000? Did the prophecy become reality? The record shows that Amazon, in the year 2000, made \$1.64 billion in sales. Back then, the investors didn't know it, but they were offered the opportunity of a lifetime. All they had to do was believe.

Chapter 13: Jeff Bezos On Business and Productivity

In this chapter we'll look at what Jeff Bezos advocated on productivity and business. Sometimes his views reflected his inner crazy. But if crazy was what was needed to get things done, then so be it.

Be Efficient and Also Frugal When It Comes to Spending

Everyone sings to Bruno Mars' song "I Wanna Be a Millionaire" and dream exactly about what the lyrics of the song are portraying – rabid spending. When people talk about the life of millionaires or billionaires, the usual stereotype is someone who can afford it all.

They're typically show-offs, live in luxurious mansions, have the fanciest cars, and they splurge on anything and everything there is under the sun. Well, that's just the general consensus in the minds of the common folk.

And why is that? Well, there is a relative minority of people who have made millions and tend to show off their millions. However, have you seen the greater majority of millionaires out there (a lot of them quiet millionaires)? A lot of rich people have become rich and stayed rich because they did not raise their standard of living with the rise of their fortune.

Good examples of which are Jeff Bezos and Warren Buffet. Let's begin with Mr. Buffet. Do you know that he still eats at McDonald's day after day? Well, maybe not every day, but he still prefers those inexpensive burgers over the ones prepared by gourmet chefs that cost so much more. He lives in a modest home and still drives a modest car.

Now, Jeff Bezos; a lot of folks know Jeff Bezos to be a human cost cutting machine. Guess where he picked that up? It was from Sam Walton, and he learned the practice of frugality from Walton's book *Made in America*, which seems like a Bible to the guy. Needless to say, it is one of his favorite business books.

There was one time when Bezos and his colleagues were invited by none other than the CEO of Walmart, and they were supposed to make a huge negotiation. So what did Bezos do? Nobody from his team flew business

class – not even him. On top of that, they buddied up when they booked their hotel at the nearby Holiday Inn with 2 execs per room. Now that is how they define a business trip.

The good news is that Bezos and company were able to save more money on this trip. How? Well, their counterparts from Walmart wanted to impress their guests, so they paid for the accommodation costs in the Holiday Inn where Jeff and company stayed.

Was the Walmart group being frugal too? Of course, the practice is to wine and dine your guests, especially if you are approaching the negotiation table. Yes, they were. In fact, they are also just as good at cutting costs and being frugal themselves. You can say that they actually saved a good deal of money with the way Jeff Bezos booked their hotel rooms. A perfect win-win situation.

Unfortunately, the great majority of business owners aren't very efficient when it comes to their spending. As a business practice, the money you spend should be examined properly and everything should be put into proper use.

Establish Your Company's Value Principles

Some of the most successful businesses in history always had and lived by a set of core values. These values were all clearly defined so as to be understood by all employees of the company. You can see this same pattern in Amazon. Jeff Bezos established core values very early in the company.

The original set of core values at Amazon included the following: frugality, bias for action, customer obsession, and ownership. Of course, as the company grew, he added to these values little by little. Today they call it the Amazon's Leadership Principles and you can find the complete list on their website.

It's Okay to Make Mistakes

Did Amazon ever get caught in the Dot Com Bubble? You can bet your bottom dollar they did. It was a tough time for everyone, Amazon included. So, here's an important question: how much did they lose? The answer is a stunning 100 million dollars.

Was Jeff Bezos perfect? Of course not. He called the shots and there are

decisions he made that went flop. During the Dot Com Bubble, they lost a lot of money in huge internet businesses. An example of which is Pets.com.

They later learned that they didn't have enough bandwidth to deal with all of these businesses, so they put their money only on the ones they knew that worked. Eventually, with each business hiccup they encountered, they also learned from them. The record should be set plainly here that Jeff Bezos isn't scared of making mistakes.

eCommerce is a Powerful Marketing Tool with Lots of Future Potential

The internet is a powerful tool if you can take advantage of it. It allows you to do things that you can't always do in person. Of course, just like any business tool, it also has its own pros and cons too.

Jeff Bezos understood that you can know a lot about a customer online, and sometimes the ability to gather customer Intel is better on the internet than offline. He saw this potential and that is one of the reasons he ran with it.

So how did Amazon capitalize on this advantage? They created an algorithm that would find products to push (i.e. to recommend – you can find a list of recommended products when you view product pages on Amazon), and this recommendation is based on your past purchases and items you viewed previously.

So, what was the effect? By implementing that algorithm, the company was able to increase sales significantly. Another way the company capitalized on the advantages of the internet is that they set up an affiliate program.

Anyone can sign up as an affiliate marketer. Signing up is free and you can market the products posted on the Amazon website. If a sale was made due to your advertising efforts, then you get a commission for that sale. Did it ever work? Of course it did. The Amazon affiliate program today is worth billions of dollars.

Is there a downside to it, does it have a weakness? Of course eCommerce isn't perfect. It has downsides. The most obvious of its weaknesses is that it doesn't take a personal approach to sales. And this is where brick and mortar stores have an advantage – that home grown next door homey personalized style to customer service.

Now, that doesn't mean there are no brick and mortar stores that apply the same level of customer Intel gathering. There are actually, and sometimes the way they gather customer information can come down to a really creepy level.

Imagine a dad getting coupons for baby items in the mail. He never shopped for baby items and they didn't have a new baby in the house. Weeks later he finds out that his daughter was pregnant. Well, you can apply the same tactics in your marketing strategies, but make sure that you use finesse and be savvy about it.

So, is there a way for eCommerce to patch up this weakness? Unfortunately, there isn't yet a way to get over the lack of a personal approach to customer service in the digital age, given our current technology. We may be headed there eventually one day – and there are ways to add that personal touch, though not exactly face to face. Nevertheless, internet marketing makes up for its weaknesses in the form of convenience, reach, and scalability.

Be Honest, Let Your Customers Know What Sucks and What is Truly Great

Amazon is the first company on the internet to open the products to public scrutiny. It all started with the very first products that the company sold – books. Jeff Bezos realized that by allowing actual customers to post their book reviews on his website, he could get ahead of the competition. Back then, he was competing against big name book sellers, like Barnes and Noble, and also Borders, just to name two.

By having more online reviews on every book on their pages, the good and the bad were brought to the limelight. Jeff even made his own employees write their own honest reviews about the books they read. His employees were truly honest about each review and they included bad reviews, as well as good.

One time Bezos received a call from a businessman who got infuriated about the idea of having negative reviews of products. He said that the idea was stupid and it would eventually discourage customers. Of course, Bezos disagreed and even said that he wasn't in business to sell, but he was there to help customers make smarter decisions when they are in the market for something.

By being honest to customers, Jeff Bezos and Amazon gained both the loyalty and trust of the people who came to their online store.

Your Company Will Live and Die By the Quality of Your Employees

This is one of the most controversial issues when it comes to Jeff Bezos and Amazon. It was clear that the goal was to increase the level of the talents that they hired. You can draw a parallel of this sort of practice from Bezos' experience while at D. E. Shaw.

They hired better and more talented people in order to raise the bar in the company. They set really high standards for new hires. They even went so far as to ask and compare SAT scores of the applicants being interviewed. Each new applicant was also asked to compare himself currently higher skilled employees. Again, this is another fine tuning of the practice from DESCO.

Bezos also looked to hire people who had no problem working 60 hours a week. Some thought that these employee standards were truly outrageous; however, Bezos still made it happen. Eventually, he was able to weed out applicants and find those who fit this mold. As you would recall, back in D. E. Shaw, Bezos kept supplies for overnight stays and would even line the walls and windows of his office with egg trays to keep out the light – all in preparation for long hours and sleep-ins at the office.

He wanted people to stay at work, pretty much like he did. He cancelled a party that was supposed to celebrate a milestone that the company achieved – believing that they would achieve a lot more milestones along the way. Perhaps he didn't want to inculcate celebrating every minute milestone into the company culture.

The result was that a lot of top executives of the company left, since they felt burned out. They had trouble working late hours including weekends. Of course they were looking for that work-life balance. This led some people to believe that Jeff Bezos didn't believe in the work-life balance.

A lot of employees and former employees got angry because of this steep and rather competitive culture. Nevertheless, there were also others who thrived in it. We will never really be able to deduce the whole story. On the one hand, we have tough hours that people hate and keeps them away from their families. On the other hand, we also see a Jeff Bezos who rewards employees

with vacation trips for their entire families.

The bottom line here is that Jeff Bezos wanted top quality employees, and he found them. They eventually helped him achieve the huge vision that he had for the company.

There are Times When Investor Money is Good and There are Times when It's Not Necessary

A lot of people will think that obtaining investor money is all and well in any business. However, that is actually not always the case. There are times when you shouldn't accept investor money. Some people rationalize the practice simply because everybody else is doing it.

But if it was the absolutely right thing to do, then everybody should already be rich by now, right? There are circumstances when you shouldn't accept investor money. When you think that your business will make it just because you will be receiving millions in investor funding, then you'd better think again.

The only times when you should accept such an offer from an investor is when you really need the money to sustain your company's growth (which was the case for Jeff Bezos and Amazon), and also when your business really needs that advice from the investor. If there is no huge need to grow, then you shouldn't acquiesce to the investment being handed to you.

Don't Be Afraid to Try Crazy Ideas – Some May Just Work, Who Knows?

Jeff Bezos wasn't afraid to try crazy ideas. In fact, he tried a lot of them, even though there was a huge chance that they would fail. One of the craziest ideas he tried was to make a best sellers' list that was infinite. He learned that newspapers and magazines put a cap on their best-seller's list (usually around 100), simply because they just run out of paper.

Bezos thought that he didn't have that constraint, so he made it happen. It was a crazy idea at the time it was suggested, because the current database technology available then couldn't handle such a task. Fortunately enough, this crazy idea finally became reality. Today, you can still find this endless best seller ranking on the Amazon website.

Chapter 14: Life Lessons from Jeff Bezos

In this chapter, we will look at a variety of Jeff Bezos quotes and what lessons can be derived from them. There is much to learn from the man. Gaining new perspectives will not only help one understand things better, it will also free the mind, empowering it to scale new heights.

Life Lesson #1 – Use the Regret Minimization Framework

Jeff Bezos once said:

“When you are in the thick of things, you can get confused by small stuff... I knew when I was eighty that I would never, for example, think about why I walked away from my 1994 Wall Street bonus right in the middle of the year at the worst possible time. That kind of thing just isn’t something you worry about when you’re eighty years old. At the same time, I knew that I might sincerely regret not having participated in this thing called the Internet, that I thought was going to be a revolutionizing event. When I thought about it that way... it was incredibly easy to make the decision.”

Don’t let the allure of things that are laid before your view to distract you. Find the path that allows only the least amount of regret. That way, when all is said and done, you will look back to a more fulfilling life. Stephen Covey called this process as beginning with the end in mind. Man is a creature capable of projecting himself or putting himself into a future condition or situation. Whatever it is you project, you can decide upon, work on, and eventually achieve.

Life Lesson #2 – Seek Out Like Minded Company

Jeff Bezos once said:

“[David Shaw was] one of the few people I know who has a fully developed left brain and a fully developed right brain.”

He worked best with people who resonated with the same like-mindedness. David Shaw was one of them, and a few others as well. This principle led him to seek out others who shared the same enthusiasm, interests, and point of view.

Life Lesson #3 – Never Be Afraid to Set Big Goals, Because You Can Eventually Reach Them

Back in 1994, when the company was just starting, he told his investors that he projected that they could make their sales reach \$60 million by 2000. He also told them that if everything went well, they would make \$100 million in sales. What really happened? The projections were calculated. It was simple; he just calculated it through the number of books that they could possibly sell.

How many sales did they really get by 2000? They were at \$1 billion. Note that the projections Bezos made were usually quite realistic. He at one time said in the beginning that the failure rate of Amazon was at 70%. He weighed the risks, made his projections and aimed for them simply because there was a chance that they could make it.

Life Lesson #4 – Let That Innovative Drive Carry You Through In Spite of Discouragement

During the product development of Amazon's Kindle reader, the designers often complained that what Bezos was asking of them was impossible. He was asking them to design an eBook reader that allowed the users to select books online, buy them, and then download the books from anywhere in the world. All he got were complaints saying that the idea could not be designed. Bezos finally told them:

"I'm in charge of the business model. I'll handle how it's possible. I want it done. You're the designer. Make it happen."

Long story short, we now have an award winning eBook reader that allows users this experience. Your innovative drive can and will carry you through.

Life Lesson #5 – Carefully Choose the People You Hang Out With

There is no doubt that Jeff Bezos is very personable. He is a charismatic individual who inspires people. Remember that he was the token extrovert in DESCOS community of introverted executives and leaders. Yet he has said:

"Life's too short to hang out with people who aren't resourceful."

He knew how to select his friends and people with whom he wanted to work

with closely. People have a tendency to rub off on you. You gain their habits and mannerisms. Everything in life is just too fast and you don't want to let people who would slow you down or bring you down into that inner circle of friends.

Life Lesson #6 – Relish Tight Situations

Do you hate tight and challenging situations? Well, you shouldn't. Such times are actually opportunities for you to grow and reinvent yourself. Your creativity will be challenged, and if you practice it well, you will find a new and exciting way to solve problems. In Jeff Bezos' words:

“One of the only ways to get out of a tight box is to invent your way out.”

Necessity and tight situations are the true mothers of invention.

Life Lesson #7 – Practice Flexibility, Learn to Change

“What we need to do is always lean into the future; when the world changes around you and when it changes against you – what used to be a tail wind is now a head wind – you have to lean into that and figure out what to do, because complaining isn't a strategy.”

The world is forever changing. The dinosaurs weren't able to adapt quickly enough to the changing world and they have gone extinct. Old ideas that used to work may not work in the future. A lot of old folks complain about technological improvements and relish the olden days. Learn to change with the times to figure out how to beat the odds of an ever changing world – complaining about it isn't going to solve anything.

Life Lesson #8 – Don't Live Only for the Now

“Another thing that I would recommend to people is that they always take a long-term point of view. I think this is something about which there's a lot of controversy. A lot of people — and I'm just not one of them — believe that you should live for the now.

I think what you do is think about the great expanse of time ahead of you and try to make sure that you're planning for that in a way that's going to leave you ultimately satisfied. This is the way it works for me. There are a lot of paths to satisfaction and you need to find one that works for you.”

Do you want to live a truly satisfied life? Don't just live for the moment. Look ahead and live for the future.

Life Lesson #9 – No Man Lives a Life Like an Isolated Island

“I think one thing I find very motivating — and I think this is probably a very common form of motivation or cause of motivation — is... I love people counting on me, and so, you know, today it's so easy to be motivated, because we have millions of customers counting on us at Amazon.com. We've got thousands of investors counting on us. And we're a team of thousands of employees all counting on each other. That's fun.”

We live in a world of inter-dependency. You're never really alone. Even if you don't think about it that much, there are people who will count on you in the different processes that you participate in this life.

Life Lesson #10 – Dealing with Critics

No one is totally free from criticism, not even successful men like Jeff Bezos. How you take the criticism, though, reflects an inner strength that people can relate to. In his own words:

“If you can't tolerate critics, don't do anything new or interesting.”

Take pride when people criticize you. It only means you are doing something great.

Chapter 15: Jeff Bezos on Leadership

Jeff Bezos is no less than a remarkable leader. He is also a very charismatic individual, and at times, he can be quite persuasive. His leadership advice ranges from what you should be reading all the way to how you should be dealing with stress. In this chapter, we'll look at some of his nuggets of wisdom that deal with leadership.

Leadership Lesson #1 – Where to Base Your Strategy

Amazon sells hundreds of different products from a hundred different categories. From time to time, the company introduces new products, new services, and new technologies. So, where should you base your marketing and sales strategies? Here's the answer from Jeff Bezos:

“Base your strategy on things that won't change”

Sure, Amazon has thousands of products on their website, but those products aren't the basis of their strategy. They're all part of a huge central plan or tactic – offer your customers a wide selection of products, sell them at lower prices, and provide fast and reliable delivery. The products may change, but the main thrust of the strategy is a constant. Base your organization's strategy on intangible constants, such as values and principles, then you will have a grasp at success.

Leadership Lesson #2 – How to Deal with Critics, Including Market Analysts

If you take a look at how Amazon expanded its service and product offerings, you might think that some of them were just fads or things that would just end up costing the company money. Everybody loves a good critic and they have all taken quick jabs at these decisions at the time they were introduced.

However, if you take a big picture – whether it is cloud computing, video streaming, eBooks, eBook readers, and whatnot, they all proved to be quite successful in the long run. Bezos once said:

“We are willing to be misunderstood for long periods of time.”

Even though analysts hate your next move, don't worry, not even if it sends

your stock price sliding downward. Why? If the new initiative you're making makes sense strategically, it will pay-off eventually 5 to 7 years from now. The long term always wins.

Leadership Lesson #3 – The Correct Direction When It Comes to Product/Service Design

Given the way we are trained in schools, most of us become technicians. We know how to create and design products, and with that, we usually create the product or service first, and then afterwards we sell it to our potential customers.

Well, there are a few things in between, like checking out the feasibility and marketability of the product or service that we have created – as if we can always create a need that needs to be fulfilled (as is the case of the Apple iPad).

Is that an efficient approach? Maybe it is, but not always. Jeff Bezos and the team from Amazon do things the other way around. How do they do it? Here's how:

“Determine what your customers need, and work backwards.”

Let's take the Amazon Kindle, for instance. During the design and development stage of this product, they determined exactly what the customers wanted first. After finding out the customers' desires, then came the product design and later manufacturing. They based the features of the product on what the customers wanted – that was more valuable than what the engineers thought was essential or what they had in mind.

Note that in their system, if the customers do not want a product, service, or whatnot, it will be next to go. That's the way the cookie crumbles, even if it means dissolving an entire department.

Leadership Lesson #4 – Stop Asking If an Idea is Risk Free

Jeff Bezos said that “If you want to be inventive, you have to be willing to fail.”

Any newbie who wants to jump from the security of the employed life into the turbulent seas of entrepreneurship should keep in mind that there will

always be risks in any sort of venture. Stop asking or looking for a risk free business. It just doesn't exist.

There will always be risks; some, more than others. It's not exactly like gambling. There are odds, of course, and you should expect to fail from time to time, but that is the beauty of it all. With each failure, you are wafted closer to success. Each mistake, bump in the road, and flop is a learning moment.

Was there ever a time when Jeff Bezos and Amazon experienced failure? Of course; several times, really. However, the important thing is that they learned something useful from such an experience.

For instance, early on, Amazon hired editors who were tasked to write music reviews, book reviews, etc. Did it work? Of course not. They ended up using customer reviews instead, and it worked. That wasn't the only instance. They once made a foray of auctions – as you might have guessed, they failed in that too. So it was back to the drawing board.

Jeff Bezos regarded these failures as part and parcel of both business and life. We don't always win, but the important thing is the lesson that we learn with each failure. The important thing is that you always learn something that you can use in the future.

Leadership Lesson #5 – Understanding the Value of Empathy

“Everyone has to be able to work in a call center.”

Have you ever answered an irate customer when he or she calls your office? It's frustrating, right? That is why you hire front desk folks and customer contact representatives. You could be missing out on a very important experience that can hone your leadership skills. Well, there are two things you're going to miss, actually – empathy and humility.

Jeff Bezos asks his managers in Amazon, and that includes himself, by the way, to attend call center training for two days. That is thousands of managers attending that sort of training, and they do that annually. The idea, of course, is to reinforce the two qualities mentioned above.

Leadership Lesson #6 – Think Customers First

“Obsess over customers.”

That is a phrase that Bezos has said time and again, and it is related to leadership lesson #5 above. As a company, you are always trying to forge strong relationships with your customers. To reinforce the idea of obsessing over the company’s customers, Bezos used to bring an empty chair into many of their meetings.

The meeting wasn’t complete until one last important member of the quorum was present. Who was it? The customer. This was an important object lesson. Well, on top of that, he also brought employees who were trained to behave exactly like a customer. They called those guys the “Customer Experience Bar Raisers”. During the meeting, if these guys frowned upon an idea or topic under discussion, the vice presidents should take heed.

Leadership Lesson #7 – The Reward of Frugality

“There are two kinds of companies: those that try to charge more and those that work to charge less. We will be the second.”

Why do companies charge more for their products or services? Well, for one thing, they need to cover certain costs that they have incurred during their business operations. The costs usually get passed on to the customers. There are times when that cost is labeled as a value that was added, but is it really?

There are business owners who talk about cutting costs so that the savings will be passed down to customers – that means they end up charging less. Most businessmen only talk about that; very few actually do it in real practice.

And that is where Amazon takes its advantage. For instance, as a practice, they put up cheap office furniture. It’s cheap, but it works – these things do the job nicely, but they’re just not as fancy as the high end counterparts.

The effect, Amazon usually has lower priced products on their pages. That is part and parcel to the reason why many customers say that buying stuff on the internet (from Amazon, in particular) is always cheaper compared to buying from your old brick and mortar store.

Now what are the rewards of such a practice in frugality? Amazon reports 35% revenue growth and a stock market valuation of up to \$90 billion. When

you learn to give to the customer, they tend to give back eventually.

Leadership Lesson #8 – Encourage Friendly Competition

“Our culture is friendly and intense, but if push comes to shove, we’ll settle for intense.”

Make no mistake about it; the essence of that company culture that Jeff Bezos thrived in while he was in D. E. Shaw still exists in Amazon today. It’s friendly, upbeat, and competitive. When used creatively, competition keeps people sharp. But that doesn’t mean you cease being friends.

Bezos describes his company’s culture as “a culture of metrics”. Each week, you will see dozens of site design ideas and features tested head to head. The metric is the customers’ reaction to these suggested features and site designs.

Some describe these test sessions as gladiator style – that’s a kind way of saying the competition is indeed fierce and truly sharp. There isn’t much time for displays of social cohesion, yet they are able to maintain the jovial nature of the workplace in spite of the stiff weekly contest.

Leadership Lesson #9 – Word of Mouth Advertising is King in the Digital Age

“In the old world, you devoted 30% of your time to building a great service and 70% of your time to shouting about it. In the new world, that inverts.”

Someone once observed that the best businesses in history have gained their customers organically. That means that they gained their customer base by word of mouth. Some have thought word of mouth marketing had died down in the digital age, but Jeff Bezos thinks otherwise.

Now, this is not something that you conjure out of thin air, and it is not just speculative opinion. They actually practice this at Amazon. On the same vein, Bezos also says:

“The balance of power is shifting toward consumers and away from companies... The right way to respond to this if you are a company is to put the vast majority of your energy, attention, and dollars into building a great product or service, and put a smaller amount into shouting about it, marketing it.”

Check out Amazon's allotted budget for advertising – it's terribly small given its size. What they promote, rather, is low-key process improvements that end up making customers talk. Someone also observed that companies that tend to allot huge budgets for advertising are now ending up losing ground in the new era of internet advertising.

Leadership Lesson #10 – Always Anticipate Broader Horizons

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

The quote above is from a statement that Jeff Bezos made way back in 1997 in his first letter to the company's shareholders – and he believes that it is still true today. Come to think of it, we have come a long way since the 90s when it comes to internet technology. However, to think that you already know anything and everything about a given technology is to set yourself up unprepared for surprising twists and turns. Take the humble man's path and expect to be surprised; that way, you will be open to change without having to make huge paradigm shifts.

This principle can be applied to pretty much anything and everything. Do not assume to know everything. Always expect to learn something new. Someone once wisely put it that the moment we cease to learn new things is the time we cease to become truly interesting.

Conclusion

Once again, congratulations on your download of this book. We hope you liked it, and that the information contained here was able to help you learn about the life of Jeff Bezos and the rise and early beginnings of Amazon. May these stories inspire you to take courage, face the odds, and go boldly where no man has gone before.

Claim Your Free Bonuses

Here's a reminder to claim your free bonuses! Click [here](#) now or visit <http://goodread.site/bonus-code9402/> to claim your free bonuses now!

Thank you! We really hope that you've enjoyed reading this book! Could you help us? Leaving an honest review on our book will greatly help us turn those feedbacks into improvements in the long term!

P.S. If you have 30 seconds to spare, click [here](#) or visit <https://www.amazon.com/review/create-review> to leave us an honest review now. Thank you so much