

# Jeff Bezos Is Retiring-What He Can Teach Us From Running Amazon

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Jeff Bezos, the founder of Amazon and the richest person in the world, is stepping down as CEO to focus on his other interests. This will primarily be on Blue Origin, his aerospace company whose mission is "focused on developing infrastructure for the creation of human spaceflight capabilities". No one can say he doesn't have drive and energy. I have a hard time fitting two walks in for our dog everyday. He just published his last letter to shareholders this week and so it is a good time to examine the lessons that creating Amazon has taught him.

There are four primary characteristics of Amazon that are essential to understanding the company and how it has become what it is today. Along with these four attributes there are fourteen leadership lessons. I am just going to look at the four characteristics but any leaders in any field would find a study of those fourteen lessons extremely valuable. A good starting place is the book Working Backwards by two long time Amazon executives Bill Carr and Colin Bryar.

The four characteristics that are core to understanding Amazon and Bezos are Customer Focus, Invention, Long Term Thinking and Operational Excellence. These could be bromides in any business book but when run through the Amazon prism they offer some unique insights. These insights can be used in personal as well as business relationships.

Customer focus, according to Bezos, is more talked about than practised. He thinks most companies are 'competition focused' and not paying enough attention to their clients. His statement below expresses how he views customers:

*"We see our customers as invited guests to a party, and we are the hosts. It's our job every day to make every important aspect of the customer experience a little bit better."*

This is a wonderful way to look at a company's relationship with their clients. My wife and I used to have a lot of dinner parties at our home and it was gratifying to have guests tell us how much fun they had. That is what Jeff is getting at. People have options on where they get to spend their time and as hosts on Saturday evening or businesspeople, we have a responsibility to make that experience rewarding. If done properly everyone benefits.

Invention has always been the basis of Amazon. Bezos gave up a lucrative job at a hedge fund because he recognized the potential of the internet. He has made this willingness to take chances and not to be afraid to fail the heart of Amazon. That is how an online book seller created Prime Video, Amazon Music, Echo devices, Alexa, Amazon Web Services, Kindle etc., etc. Jeff believes that:

*“Big things start small. The biggest **oak** starts from an **acorn**,” says **Bezos**. “You've got to be willing to let that **acorn** grow into a little sapling, and then finally into a small **tree** and then maybe one day it'll be a big business on its own.”*

A long-term focus is a trait not found in every public company. Quarterly earnings reporting and shareholders looking for immediate returns can cause good companies to make decisions that may harm their long-term viability. Not at Amazon. Bezos constant repetition about the long term in his shareholder letters is well known. This started in the 1997 letter with:

*“We will continue to make investment decisions in light of long-term market leadership considerations rather than short-term profitability considerations or short-term Wall Street reactions,”*

All their leadership know that this commitment is part of the company's values and act accordingly.

Operational excellence, to Amazon, means having systems and processes in place that encourage thinking big, innovation and risk taking. Often company processes can be viewed as stifling new ideas, but it doesn't have to be so. There is a story of some employees telling Jeff they wanted more communication. He told them no, less communication was better. His thinking is that a decentralized innovation process is the best because it avoids group think. He used the term "two pizza meetings". This means no meeting should have more people in it than what two pizzas can feed.

Also, any junior employee can challenge decisions using a fact-based argument, but decisions that can't be tested should be left to the senior person using their best judgement.

These four characteristics all have contributed to making Amazon a massive success story. They all tie in together, always coming back to the customer and growing on a strong foundation. Bezos for some reason seems to be overshadowed by Elon Musk in the public's attention. This is unfair in my mind. The story of Amazon has something to teach all of us. And I must say I am looking forward to seeing how Blue Origin and Musk's SpaceX interact in the future.

Enjoy your 'retirement' Mr. Bezos.

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