

## Video Transcript

### Amazon's Culture of Innovation by London Business School

It's my pleasure to introduce Molly Dobson from Amazon. Molly tell us what your job is at Amazon. [Molly] Sure, I am the head of European Business, Industrial and Scientific Supplies at Amazon and I've been doing that job for about a year now and I've been with Amazon for three and half years.

So, everybody nowadays thinks of Amazon as one of, if not, the most innovative company on the planet just in terms of the range and scope of new businesses and new products that you're coming up with. What are the key principles, what are the key attributes of the company that have allowed it to come up with so many new products and businesses? [Molly] Yeah, I would say Amazon is consistent around the world and Amazon embraces innovation and supports innovation in every office at every level of the company. How we find that consistency and support for innovation comes down to a few key ideas that are embedded in the Amazon culture, and the first of those ideas is around the notion of it's "still day one," so Jeff Bezos mentioned in the first shareholder letter "it's still day one" and twenty years later we still say "it's still day one." He was asked recently, I think it was in the 2016 shareholder letter, "What does day two look like?" and Jeff said day two is stasis, its irrelevance, its decline, and its death. So, that's why we always try to stay on day one and that sentiment of always striving for it to be like it's your first day of doing business where you have everything to play for and everything to lose really inspires that sense of innovation and development in the company.

There's a couple of other principles as well, just tell us a couple of those. [Molly] Yeah, part of that idea of it always being "day one" is constantly trying to figure out what is it that you should be delivering and what does your customer even want. So, there's a notion of start with a customer and work backwards, so every office around the world embraces this idea of customer obsession, and that is a notion of knowing what a customer wants maybe even before they want it. You make high bar promises to them and you consistently deliver on it. We try to stay a step ahead of constantly looking at what it is our customer wants and how they're changing.

So, let's make this a bit more practical. You work in the London office with a few hundred other people, you've got a bright idea for a new business that perhaps needs a couple of million dollars funding. What is it that you would actually do yourself in terms of talking to your boss or whatever to get that business funded. [Molly] So, a couple of million dollar idea a two dollar idea, whatever it might be, it starts the same way, come up with a business case. Amazon is a very data-centric company we like analysis there's power in data, it gives you information and it gives you insights. So, the first place you would go, even if it's just in your day to day decision making, you turn to the data. Does it support your idea? If it does you build out a business case around that. You explain why it meets a customer need, you build a business case around it, and you get support for it. If it's a really big idea then there's this notion of writing working backwards press releases. So, these are actually internal press releases that you write that bring your idea to life and paint a picture for what the future would look like.

So, you would write this press release as if the product was being launched three or four years from now and you'd be talking about how big the upside is and you would use this essentially as a way of motivating the argument for why the company should invest in it. But there's also this notion you mentioned to me before we got started about one-way versus two-way doors. Can you just explain a bit more about that? [Molly] That's a concept that Jeff Bezos also supports and it is something that helps us make very quick business decisions. You decide is this a one-way door decision or a two-way door decision. If a decision is reversible, you ground your idea and data, and you explain why you think this is a decision worth investing in. If it's a two-way door, do it! If it doesn't work you learn from it and you reverse your idea. It's that notion that gives a lot of openness around calculated risk taking because you know the decision is a two-way door.

That leads to the point about failure. It's kind of accepted that if a company wants to be successful and innovative then it has to accept that there's going to be some failures along the way. Tell us a bit about how that really works in practice because lots of companies talk about this but very few do it well. Have you actually failed in any activities that you've been involved in? What happened? [Molly] There's a concept at Amazon also, that is that idea of if you're not failing you're probably not learning. So even the best ideas that are grounded in as much data as humanly possible, not all of them are going to work. But the acceptance at Amazon is that if your idea fails, learn why it failed. Learn from your mistakes and do it better the next time, and that experience actually can develop newer, bigger ideas that might be better than your original one.

So, you've been through this process of having something fail and you said, okay that didn't work but now we've got the latest iteration. How do you encourage things in your own teams? You've got people reporting to you, what do you do with them? What's your style of leadership to get the best out of those people? [Molly] Yeah, my style of leadership is reflective of the Amazon leadership principle to a large extent. There is a leadership principle around ownership. Each of us are owners of the business. You are responsible and accountable for your part of the business. I think that sense of definition and responsibility and accountability is what makes people take charge of the work that they're doing. Some of that is, be clear on your business performance, use data to answer your questions, but think big. It's not just about what has worked in the past and what works right now, it's thinking about what could work in the future and striving to deliver that.

What sort of people therefore are you looking for? Are you looking for self-confident, self-starting people? [Molly] Yeah, I think all of our recruitment, our hiring decisions, our performance reviews, it all comes down to that set of Amazon's leadership principles. Those principles are a set of guiding principles that unify the company across the world and define our culture. That includes concepts like customer obsession, action, ownership, deliver results. No one is going to be good at all of those leadership principles but you want to have a strength in some of them that can help you define and show success at Amazon because those leadership principles are what work at the company.

Thank you very much. [Molly] Yeah, of course. Thank you.