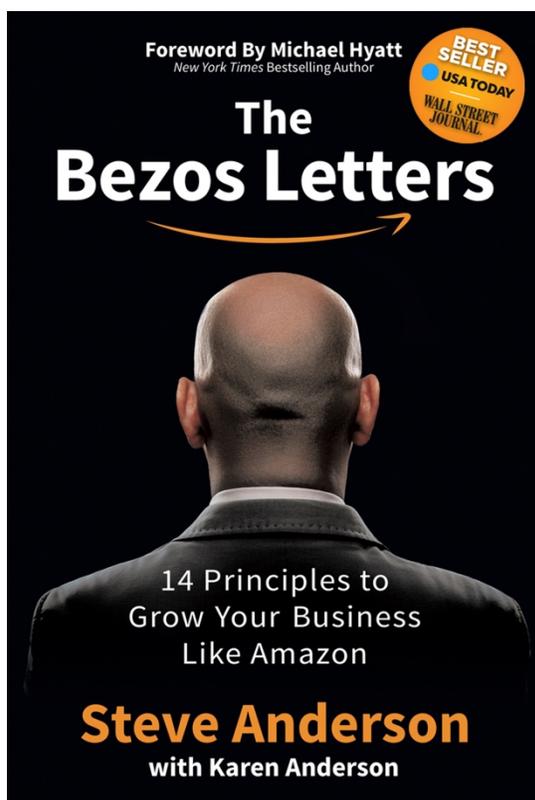


# Learn How Jeff Bezos Turned Amazon Into a Giant Success—and the 14 Principles To Grow *Your* Business



“Imagine having Amazon founder and CEO Jeff Bezos as your business coach. I’d jump at that chance, the chance to ask him the not-so-simple question, ‘How exactly did you grow Amazon?’ And I’d love the opportunity to bring his insights and experiences to bear on building and scaling my own business. Who wouldn’t?”

“Unfortunately, that’s probably not going to happen for you or me. But fortunately, in *The Bezos Letters*, my friend Steve Anderson has provided the next best thing. Reading *The Bezos Letters* is like having Bezos as your business coach. You get to see what he sees, think what he’s thinking, and then apply that to your own business in ways you may never have thought of before—ways Bezos has used to make Amazon one of the world’s most successful companies...

“When you apply Steve’s 14 Growth Principles revealed in *The Bezos Letters* to your business, you’ll have everything you need to grow your business like Amazon.” —**Michael Hyatt, New York Times Best-Selling Author, Michael Hyatt & Company**

This year marks the 25th anniversary of when a thirty-year-old unknown guy moved across the country to start an experimental single-product online business with the help of a \$300,000 loan from his parents. That man was Jeff Bezos, and the company was Amazon. A new book by Steve Anderson and Karen Anderson, *The Bezos Letters: 14 Principles to Grow Your Business Like Amazon* (September 17, Morgan James Publishing), reveals his success formula and shows how it can be applied to grow companies of any size or industry.

“Arguably the master of long-term thinking,” says Anderson, “Bezos has initiated many significant products and services, including retail, Alexa, Kindle, Amazon Prime, publishing, music, films, television, and cloud computing.”

Bezos has created one of the world’s most valuable companies and, in the process, became the world’s richest person. Amazon was the fastest company to reach \$100 billion in sales ever. And he started by selling books online. How did he do it? Fortunately, Bezos has provided us with his “hidden in plain sight” roadmap. If you follow it, your business can’t help but be more successful. For the last 21 years, Bezos has written annual letters to shareholders. These letters reveal the underlying principles and

strategies Bezos used to grow Amazon. For the first time, *The Bezos Letters* will unlock the key lessons, mindset, principles, and steps Bezos continues to use to make Amazon the massive success it is today.

**By reading *The Bezos Letters* you will learn:**

- What customer obsession really means—and why it is always “Day 1” at Amazon
- Why Bezos banned PowerPoint at Amazon and instead requires a 6-page memo at each meeting
- Why Bezos offers employees thousands of dollars each year to quit
- The 3 critical questions that are asked of every prospective employee before they are hired
- The “2-pizza rule” and why it jumpstarts innovation in any company
- How Amazon is effectively making “complexity simple”
- How Amazon maintained its work culture while scaling from a few employees to over 600,000
- Why Bezos’s “successful failure” approach is counterintuitive to most businesses—and how one should look at return on *risk*—not just return on investment

“I analyzed the 21 shareholder letters between 1997 and 2018,” writes Anderson, who has 35 years of experience in technology and risk in the insurance industry. “I looked into what Bezos actually said about how Amazon operated and what led to Amazon’s phenomenal growth. I examined what worked and what didn’t work. I read, re-read, researched, and dissected everything about each of the shareholder letters to learn how Bezos turned an online bookstore into a trillion-dollar company in just over two decades.”

Most people would agree that a company can’t grow to its fullest potential without great leadership. Leadership is at the center of business growth and deeply ingrained in the core of Amazon. Anderson reveals the essential leadership principles effectively displayed by Bezos.

“As I studied the letters, ideas and patterns began to emerge,” writes Anderson. “I realized Bezos was actually spelling out through his letters how Amazon came to be the fastest growing and, some would say, most successful company the world has ever seen.”

Business owners are fascinated with Amazon’s success, but they don’t realize the shareholder letters provide them with key insights any business can emulate. *The Bezos Letters* deconstructs his personal letters to shareholders to provide readers with a guide on the key takeaways. It shares easily understood, practical examples of how to apply Amazon’s principles to their own business. Anderson provides a roadmap any owner, executive, or leader can use to apply the Amazon success formula.

“No one has done as deep an analysis of the Bezos shareholder letters, and the principles they contain, to help businesses grow as I have in this book,” says Anderson. “My background as a technology and risk consultant allows me to filter what Amazon has accomplished through the lens of risk and show how strategic risk-taking is vital to the growth of any business.”

**Publication Data: Morgan James Publishing; September 17, 2019; \$17.95; 262 pages**

Trade Paperback ISBN: 9781642793321

E-book ISBN: 9781642793338

Audiobook ISBN: 9781642796759

**Contact Information: Media Connect**

Brian Feinblum 212-583-2718 [brian.feinblum@finnpartners.com](mailto:brian.feinblum@finnpartners.com)

Jacquelyn Mahalick 212-715-1599 [jacquelyn.mahalick@finnpartners.com](mailto:jacquelyn.mahalick@finnpartners.com)

# Steve Anderson

## Biography



Steve Anderson, MA, is a trusted authority on risk, technology, productivity, and innovation. He has over 35 years of experience in the insurance industry. He is also the author of *The Bezos Letters: 14 Principles to Grow Your Business Like Amazon* (Morgan James, September 2019).

Anderson is a professional speaker, writer, and “futurist.” His speaking portfolio includes presentations on the future of technology, the influence of social platforms, how businesses can leverage the internet, and how they can assess and use risk to their advantage.

He was chosen as one of the original 150 LinkedIn Influencers and has over 340,000 followers.

For the past two decades he has served as the president of The Anderson Network. Prior to that, he served eight years as Vice President of Cadenhead Shreffler Insurance, and 12 years at Gilbride Insurance Agency.

He is a Certified Insurance Counselor with numerous honors earned including #10 Influencer to Know in the World of Insurtech; Insurance’s Top 100 Individual Influencers on Twitter; and an Insurance Automaton Award recipient.

He serves as the co-chair for Independent Insurance Agents and Brokers of America’s ACT API Workgroup. For the past quarter-century, he has been a member of the faculty for The National Alliance for Insurance Education Research. He has co-hosted *The Digital Broker Podcast* over the past year and a half.

He holds a B.S. in Business Administration and Economics from Taylor University and a master’s degree in Legal Studies with an emphasis in Insurance Law from University of the District of Columbia, David A. Clarke School of Law.

Steve and his wife, Karen, have two married daughters, and seven young grandchildren. They live in historic Franklin, Tennessee.

For more information, please consult: [www.thebezosletters.com](http://www.thebezosletters.com)

# Q&A

## *The Bezos Letters*

- 1. How did you come to determine that Amazon’s success revolves around the 14 principles identified in your book, *The Bezos Letters*? I’ve been studying the relationship between risk and growth for many years. In order for a business to grow, they have to take risks, but what exactly does that mean? In my research, I came upon the letters to Amazon shareholders written by Jeff Bezos. As I studied the letters, I realized Bezos had “hidden in plain sight” how he had grown Amazon by taking intentional and calculated risks. I discovered there were reoccurring themes (principles) that any business could use to grow like Amazon.**
- 2. Why do you feel other businesses in different industries can also apply them to be successful?** Since every business must take risks to grow (and by definition, have some failures), by understanding how Bezos leveraged his “failures” with Amazon, companies can learn from his mistakes without having to go down that (expensive) road themselves. He has also cleared a path for other businesses to move forward with his successes. Though there are many concepts universal in business (i.e., managing cash flow), Bezos has given it a unique spin. The ways he looks at business, as he reveals in his letters to shareholders, allows others to see the unique ways he evaluates and approaches risk and opportunity.
- 3. You’ve assessed the business side of risk for 35 years. How does your background uniquely qualify you to dissect how Jeff Bezos built Amazon to be the fastest company in history to reach \$100 billion in sales?** The insurance industry is all about risk and risk management. Having looked at thousands of coverage providers and businesses over the years, most businesses want to be protected *from* risk. But I realized that Bezos was embracing risk intentionally and using it to his advantage. Because of my experience, I can have a 30,000-foot view, which gives me a perspective most don’t have.
- 4. The 14 principles come down to Test, Build, Accelerate, and Scale. Which of those four areas is the most important? Why?** I call each of these four areas Cycles because each individual Cycle uses and creates other Cycles. It’s like asking which part of a car is most important—tires, engine, body, or the brakes? They all work together to allow the driver to get where they want to go quickly and easily. The Growth Cycles work the same way. A new startup company might spend more time in the Test and Build Cycles, but they also need to understand how to Accelerate and Scale if they are going to be able to grow into a long-term viable and profitable organization. Larger, more established companies always need to be testing and building their next new product, platform, or service.
- 5. You coined a term, “Return on Risk.” What does that mean and how does that pertain to Bezos, whom you labeled “the master of risk”?** When a business makes a financial investment in machinery, marketing, or expanding their sales team, they evaluate their return on investment, or ROI. They want to know for the money they put in, what will they get back? (Hopefully, more than they put in!) But few businesses think of risk-taking as an investment, yet it should be treated the same way as other investments. “If we take this risk, what will we get back?” Bezos is a master of taking small risks (well, his definition of small) and looking at the results in a way similar to ROI. He looks at what he learns from taking risks and then uses that “investment” to create the next investment and build upon it.

6. **Can anyone really create another Amazon?** Probably not. Bezos created Amazon at a unique point in history when the internet was in its infancy. In 1994, he came across the fact that internet usage was growing at 2,300% per year and decided that kind of exponential growth doesn't happen often. The point of the book is not to become another Amazon, but to learn how your organization can grow *like* Amazon.
7. **Some people don't like Amazon and see them as bad corporate citizens. Others see them as a savior. Why should businesses emulate their model?** Amazon isn't perfect. Jeff Bezos isn't perfect either. You may love Amazon or hate Amazon. You may love Jeff Bezos or hate him, but he's done some things that have grown Amazon into what it is today. I'm suggesting that you suspend your feelings about Amazon/Bezos and step back and see what he has done to secure its historic role as the fastest growing company in the world to reach \$100 billion in sales.
8. **In studying 21 letters to shareholders that Bezos has issued annually, what patterns emerge of the wealthiest man in the world?** Bezos is focused, determined, and smart. He started Amazon like any start-up business, borrowing money from his parents to get started. He has high standards, and he expects people who work for him to have similarly high standards. In his first letter to shareholders he states, "It's not easy to work here ('when I interview people I tell them, you can work long, hard, or smart, but at Amazon.com you can't choose two out of three'), but we are working to build something important, something that matters to our customers, something that we can tell our grandchildren about. Such things aren't meant to be easy."

He also thinks long-term in a way that is unique in the business world (like generations out, not just the next 3–5 years). His focus is extreme and often counter-intuitive. He makes fast decisions, doesn't sweat the small stuff, and focuses on experimentation and innovation. And he tests and measures everything (while still trusting his "gut").

9. **If leadership is at the center of business growth and deeply ingrained in the core of Amazon, what will the company be like once Bezos no longer runs it?** Bezos continues to be the driving force for the vision and long-term view of Amazon. He also knows that at some point in the future Amazon will become obsolete. He hopes it happens after he's gone. That's also why one of the Anderson Growth Principles is "Maintain Your Culture." While I think it will be hard for the company when Bezos is no longer leading it, he has built a culture that might be able to sustain his vision long after he's gone.
10. **Bezos obsesses over the customer. How is what he does different from what other companies do?** There are lots of words used to describe how a company thinks about and treats its customers. Customer service, customer experience, the customer journey, the customer is always right, and many more. "Obsess *Over* Customers" brings it to a different level. Dave Johnson, an Amazon executive, described the difference when he said that, before coming to Amazon, he had worked at two big-name companies that were "customer-focused," and they were really good. "But," he said, "at Amazon... We are customer *obsessed*." It's not just about focusing on what the customer wants but, like other successful companies, it's giving the customer what they want *before they even know they want it*. Amazon knows that if they're not obsessed with their customers, they'll go somewhere else—to the point, they'll even encourage the customer to go somewhere else (for a tiny bit of the action). That's what Amazon Marketplace is all about with their third-party sellers.

11. **Amazon encourages successful failure. What does that mean?** Most organizations punish failure. Companies know they need to be innovative but struggle with the failures that are necessary when experimenting with new ideas and processes. Successful failure recognizes that while something might not work the way you think (experiments by their very nature are prone to fail), the key is learning what didn't work and why so you can make adjustments for the next experiment (and possible failure). Creating a "safe to fail" culture encourages employees to try out a crazy idea that might work. The Fire Phone was a massive failure at Amazon but also led to the Echo and Alexa.
12. **If Amazon is basically an internet retailer, why can't others outsell them online?** Several established retail businesses today are learning lessons from Amazon and starting to compete with them more effectively. An increasing number of physical retailers are learning to compete online with Amazon effectively; Walmart, Target, and Best Buy are examples. Several of the Anderson Growth Principles such as "Understand Your Flywheel," "Generate High-Velocity Decisions," and "Make Complexity Simple" are tools that Amazon uses to move fast and "break" things to create better things.
13. **What are some of the biggest failures and successes of Amazon?** Amazon's biggest failure was the Fire Phone from a monetary standpoint as well as a brand standpoint. They wrote off a total of \$178 million because customers didn't like the phone. Bezos identifies the biggest successes for Amazon as Amazon Marketplace (for third-party sellers), Amazon Prime (fast, free delivery), and Amazon Web Services (cloud computing).
14. **What are the three pillars of customer experience for Amazon, and how can others employ them?** The three customer pillars at Amazon are wide selection, low prices, and fast delivery. These pillars will not apply to every business. For example, your business may be a premium brand with high prices. The question is: Are you clear about what your customer pillars are for your own business and how do you fulfill that promise?
15. **How does Amazon think long-term when the demands of the marketplace and Wall Street are short-term?** Bezos set the standard for his long-term thinking in the 1997 letter to shareholders where he said, "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." Bezos "walks his talk" by not being swayed by Wall Street numbers but by looking at internal metrics that more accurately define how Amazon is doing.
16. **What should others model when looking at Bezos' leadership style?** His view of risk-taking is something many leaders should be more intentional about. Long-term thinking is something to emulate, but it's hard. As he said in his '97 letter, we are building "something that we can all tell our grandchildren about." Also, Bezos has an innovative stance on decision-making. He empowers people to make fast decisions at lower levels and yet expects them to give well thought out responses to high-level decision-making at the same time—and more importantly, to know the difference.
17. **How can most companies emulate Amazon's approach to accelerating the growth cycle?** Three fundamental growth principles help accelerate business growth: "Generate High-Velocity Decisions," "Accelerate Time with Technology," and "Make Complexity Simple." For example, many businesses wait too long to embrace technology with a sort of "well, we have to do it" vs. "how can we harness this power to move faster?" In the same way, many businesses have the "if it ain't broke, don't fix it" approach when, if they can make the process simpler for the customer, they'd get a better return.

18. **Bezos always tells workers and shareholders to believe it's always Day 1. What does he mean?** For Bezos, Day 1 is a mindset. It is representative of all the leadership principles that help make Amazon what it is today. It is the anchor for acknowledging and remembering Amazon's beginning values and their dogged focus on serving the needs of customers and even "delighting" customers. If you don't focus on your core values, Bezos says, "Day 2 is stasis. Followed by irrelevance. Followed by excruciating, painful decline. Followed by death. And that is why it's always Day 1."
19. **How has Amazon maintained its culture as it scaled from a few employees to a workforce of 650,000?** Every employee at Amazon is reminded what Day 1 means through the 14 Amazon leadership principles. "We use our leadership principles every day, whether we're discussing ideas for new projects or deciding on the best approach to solving a problem. It is just one of the things that makes Amazon peculiar [a word used by Bezos and most Amazonians]."
20. **If a company is only as successful as the standards it maintains, how does one invest in high standards in their company the way Amazon does?** One of the keys to maintaining high standards at Amazon is by only hiring the best. Amazon has a rigorous interviewing and hiring process (and surprisingly, in interviews, candidates are usually asked about their failures and their approach to failure). Amazon also treats employees like owners by giving them real ownership through stock options and empowers them with decision-making.
21. **Most people play to win, but you say Bezos plays to *learn*. What do you mean? Why does he take risks with intentionality, ones that seem counter-intuitive?** It may seem odd to say that the richest man in the world doesn't play to win. There is no doubt Bezos has a competitive streak. But he learned from an early age that you need to bet wisely to grow. Bezos also discovered that using risks strategically is a competitive advantage. For example, when he started Amazon, it wasn't because he loved books, per se. He was looking for a business model that had a product with huge potential and could be fulfilled by mail, and books best fit that need. He knew the internet was growing, and he looked for ways to leverage that growth. Moving from New York to Seattle and borrowing money from his parents was a big risk... but one that ultimately paid off.

## Endorsements

“In *The Bezos Letters*, Steve Anderson gives us a deep look into the mind and machinations of the most successful businessperson in history. Using the 14 Growth Principles that Steve identifies from Bezos’ letters to shareholders, anyone can simplify and streamline explosive business growth.”

—Chris Tuff, *USA Today* Bestselling Author of *The Millennial Whisperer*

“As Steve Anderson astutely identifies, Jeff Bezos intentionally embraces experimentation to help him figure out fast what to say Yes to and what to say No to. Such testing can help anyone focus on what really matters. Simply put: *The Bezos Letters* is essential reading.”

—Greg McKeown, *New York Times* Bestselling Author of *Essentialism*

“Are you a risk taker? I confess I’ve wondered many times, ‘What if?’ What I love about Anderson’s approach is he takes the scary out of risk by giving us a plan and a parachute. So, even if the risk doesn’t bring about change immediately, it shines a brighter light on possibilities: whether it’s for building a business, expanding an outreach, or enhancing a life. This book is full of rewards for those willing to risk a bigger story.”

—Patsy Clairmont, Creativity Coach, Author of *You Are More Than You Know*

“Why is growing a business so complicated when there are proven strategies right in front of us? Steve Anderson’s intelligent, concise, and incredibly well-researched book examines the principles of business success—straight from the most effective risk-taker of our time. If you want to make smarter decisions and earn more money, get your copy of *The Bezos Letters* and start reading. I couldn’t put it down.”

—Janet Switzer, *New York Times* Bestselling Coauthor, *The Success Principles: How to Get from Where You Are to Where You Want to Be*

“I started reading *The Bezos Letters*. I could not put it down. I envision this becoming a college textbook! A roadmap that all young people need to embrace; there are many insights and nuggets for all ages! Well done, Steve. I’ll be recommending this book for a long time.”

—Jim Hackbarth, President & CEO Assurex Global

“A fascinating read filled with insights to become like Amazon—agile, fast, and great.”

—Stephen Roney, Co-Founder and CEO of Roney Innovations—a top 5% Amazon seller

“Having served as a ‘behind the scenes’ executive for most of my career, so much of what Steve Anderson has uncovered about Jeff Bezos and Amazon reminds me of the legacy of Walt Disney. Walt had a vision and made it happen; Jeff had a vision and made it happen; and you too, can make your vision happen—and make it happen faster and easier when using the principles Steve has laid out in *The Bezos Letters*. I think there’s quite a bit of ‘magic’ in this book! Great job, Steve.”

—Lee Cockrell, Former Executive Vice President of Operations for the Walt Disney World Resort

“In this well researched and engaging work, Steve Anderson takes us on a fascinating journey through CEO Jeff Bezos’ letters to uncover the principles and practices that made possible Amazon’s meteoric rise from online bookseller to corporate juggernaut. A must read!”

—Ian Morgan Cron, Bestselling Author of *The Road Back to You*

“If you ever wanted one manual for building and growing your business, this is it.”

—Dan Miller, *New York Times* Bestselling Author of *48 Days to the Work You Love*

“In this remarkable book, Steve Anderson decrypts the 14 Growth Principles you can use to have your own ‘Amazon-ing’ success!”

—Mike Michalowicz, Author of *Profit First* and *Clockwork*

# 14 Growth Principles for Any Business

The 14 Growth Principles for businesses seeking to succeed the Amazon way are identified by Steve Anderson in his new book, *The Bezos Letters*. They break down into four key growth cycles: Test, Build Accelerate, and Scale.

## Test

1. Encourage Successful Failure: At Amazon, testing is a way of life. It means encouraging all team members to try new things to improve the way Amazon does business. If something doesn't work, they aren't punished. They are encouraged to use what didn't work and learn from it.
2. Bet on Big Ideas: When something works and has big potential, Amazon bets big. They give everyone the tools to be inventive at every level. Testing makes Amazon an extremely creative organization.
3. Practice Dynamic Invention and Innovation: Learning, by definition, requires risking failure. Most businesses view failure as a risk to be avoided. Bezos thinks the exact opposite.

## Build

4. Obsess Over Customers: "Obsession," in the truest sense, describes Amazon's focus on being persistent and preoccupied with the wants and needs of customers—often even before the customers themselves know what it is they want.
5. Apply Long-Term Thinking: Amazon uses long-term thinking to ensure each initiative is built on a solid foundation that can be around for years and beyond, even if that means sacrificing in the short-term.
6. Understand Your Flywheel: In business, think of your "flywheel" as a gear with spokes all around it. Each spoke on the gear is something that adds force to spin the flywheel—a key business activity that builds momentum as you move your business where you want to go.

## Accelerate

7. Generate High-Velocity Decisions: Accelerating is how you take everything that has been tested and built and then use it to super-charge your growth. It involves making decisions as quickly as possible to push forward with an initiative that has already been examined and focused.
8. Make Complexity Simple: Making things easy for customers requires you to simplify everything you can to remove any points of friction between the initiative and the market. It requires creative use of technology to move quickly.
9. Accelerate Time with Technology: The best way to control your accelerant and "speed up" or "slow down" time is to be very intentional about how you use technology to accelerate your growth.

- 10 Promote Ownership: Owners think long-term and don't sacrifice long-term value for short-term results. They act on behalf of the entire company beyond just their own team. They never say, "That's not my job."

## Scale

- 11 Maintain Your Culture: Amazon has a corporate focus on personal leadership as well as a focus on constant and continuous growth in their business and for their employees.
- 12 Focus on High Standards: Amazon has a commitment to not sacrificing quality (in goods or services) to achieve greater profitability.
- 13 Measure What Matters, Question What's Measured, and Trust Your Gut: With a clear vision of what matters most, you might end up measuring data points you never thought to be important. And you might end up no longer paying attention to measures you have focused on for years. But always pay attention to your intuition in the process.
14. Believe It's Always "Day 1": You always—above all things—must make decisions as if it is your first day in business, with passion and focus on customers. Be lean, be focused, and remember what mattered on Day 1 still matters. Day 1 is representative of all the leadership principles that have helped make Amazon what it is today. Day 1 is a mindset, not a list of steps or strategies.

# Selected Excerpts

## *The Bezos Letters*

### Practice Dynamic Innovation and Intention

Rather than creating one department of people tasked with innovating the company's offerings and operations (a typical corporate Research & Development department), Bezos encourages experimentation at all levels of the organization and in *all* departments—basically anyone who gets a paycheck from Amazon. He makes invention a part of each person's job description, and it's a core principle that helped Amazon grow.

At Amazon, invention and innovation are ingrained into the daily culture from the first day on the job. It doesn't matter if you are a recent college graduate newly hired or a seasoned sales representative. Bezos expects you to look at every task and ask how you can make it better or more efficient.

### Obsess Over Customers

Becoming a customer-obsessed business requires you to get into your customers' heads. Consider asking questions about what your customer really wants in order to become customer-obsessed. For some questions, you might be able to immediately provide an answer you think is what the customer would say. But you won't know until you get it straight from the horse's mouth (or the horse's *data*)...

Emphasizing customer obsession allows Amazon employees to become *solution-focused rather than problem-focused*. Bezos wants to always be ahead of the game... he wants to "solve problems before they happen," meaning he doesn't want screw-ups to happen in the first place...

The three *Customer Experience Pillars* are:

- Low prices
- Best Selection
- Fast Convenient Delivery

### Promote Ownership

Instead of encouraging people to only take ownership of their work, Amazon asks their team members to actually *think like owners of the company*. It is one of Amazon's key Leadership Principles for the whole company, too.

Bezos wants *everyone* involved with the company to think like owners—frontline employees to senior-level executives. Owners think about the long-term implications and impact of decisions, not just on short-term quarterly earnings or quick wins that don't have lasting value. This allows Amazon to evaluate their team members based on whether they are acting like owners—people who don't say, "Not my problem." Thinking like an owner is a key mindset developed and encouraged in the Amazon culture.

### Generate High-Velocity Decisions

Bezos knows you need both a philosophy and a methodology for making the decision-making process more efficient.

Bezos' approach to decision-making starts by recognizing that you shouldn't treat all decisions the same. Doing that wastes time and increases unexpected risks. Awareness of the type of decisions you are facing is the first step to high-velocity decision-making and maximizing your Return on Risk.

In today's fast-paced economy, businesses don't have the luxury of "taking their time" to make decisions, like they did even a few years ago. So, the trap is set: Either a company becomes paralyzed into making *no* decisions or they rush into big decisions that expose them to unnecessary risk...

Bezos solves this by articulating two types of decisions:

**Type 1** decisions are major decisions with big consequences and no turning back.

**Type 2** decisions are ones that can be changed or reversed, and the world isn't going to come to an end.

Bezos knows most failures are not fatal, and most decisions are not irreversible.

### **Encourage "Successful Failure"**

Jeff Bezos figured out very early on that unless you take risks, invest in risks, and intentionally create opportunities for "failure," you're not growing or thinking big enough.

Unfortunately, most people (and businesses) think of failure as something to be avoided at all costs. However, you'll never be able to grow like Amazon if you're not willing to risk failure.

But if failure isn't always a bad thing, then what makes failure... "successful"?

In short, successful failure is what you learn from failure and how you apply what you've learned, and that makes all the difference.

### **Lead with Intentionality**

While the terms *test*, *build*, *accelerate*, and *scale* are familiar to many business owners, they take on a different meaning within the context of the shareholder letters.

If there is one big difference between what test, build, accelerate, and scale mean at Amazon, it's that Amazon doesn't treat those terms as *academic*. They make these cycles a part of their planning process with the same kind of *intentionality* that Bezos pays to risk.

To Bezos, businesses are always changing and moving. Growing businesses are always testing something, building something, accelerating something, and scaling something.

And when you find out what works, you do it all over again.