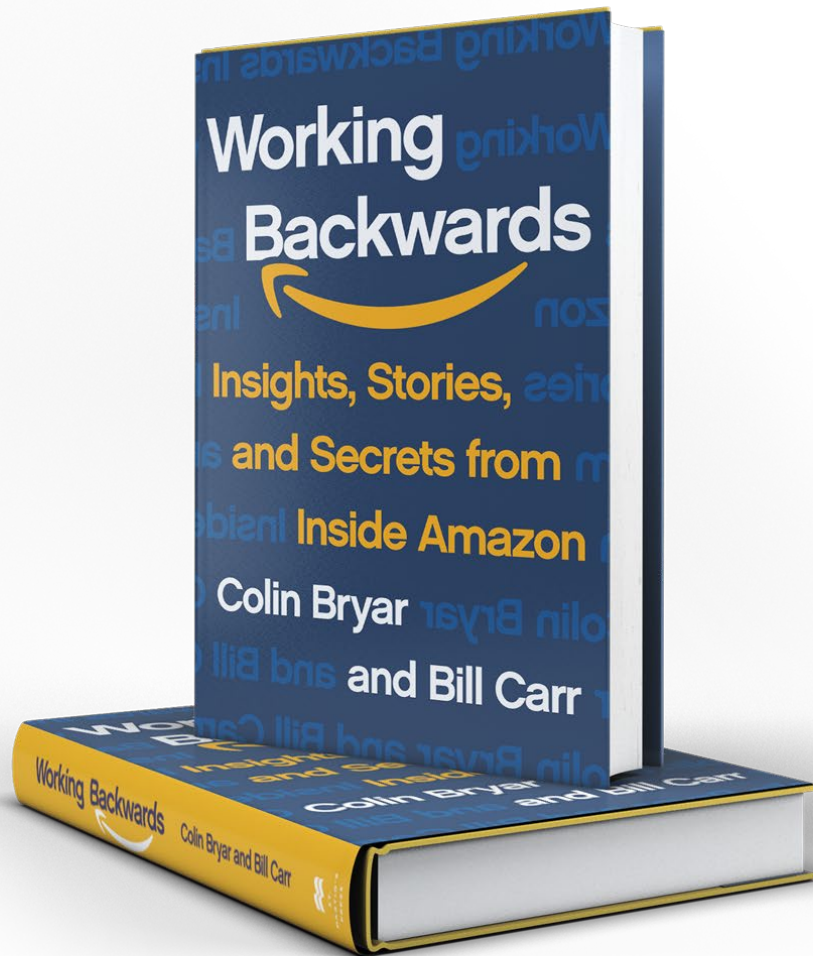


# Working Backwards



How Amazon built an invention machine

**WORKING  
BACKWARDS**





2005



2006



2007

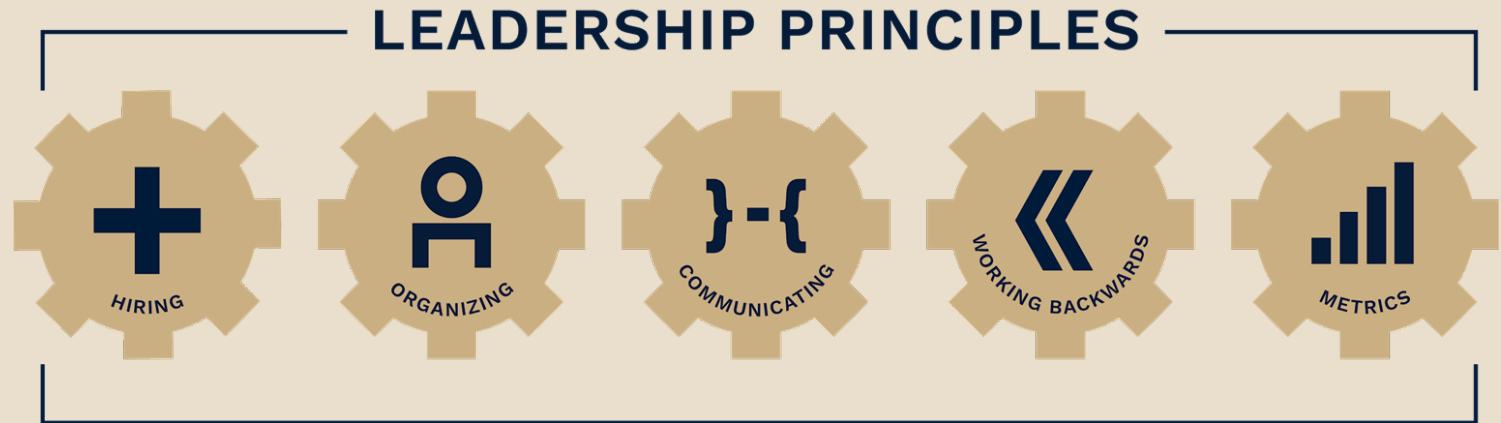


2011



2014

# The Invention Machine



# 16

## Leadership Principles

### HAVE BACKBONE; DISAGREE AND COMMIT

Leaders are obligated to respectfully challenge decisions when they disagree, even when doing so is uncomfortable or exhausting. Leaders have conviction and are tenacious. They do not compromise for the sake of social cohesion. Once a decision is determined, they commit wholly.

### DELIVER RESULTS

Leaders focus on the key inputs for their business and deliver them with the right quality and in a timely fashion. Despite setbacks, they rise to the occasion and never settle.

### CUSTOMER OBSESSION

Leaders start with the customer and work backwards. They work vigorously to earn and keep customer trust. Although leaders pay attention to competitors, they obsess over customers.

### OWNERSHIP

Leaders are owners. They 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."

### INVENT AND SIMPLIFY

Leaders expect and require innovation and invention from their teams and always find ways to simplify. They are externally aware, look for new ideas from everywhere, and are not limited by "not invented here." As we do new

# Actionable framework to make consistent decisions

- Rely on LPs when
  - Need to make decisions fast
  - Have less data than you'd like
  - Senior execs not in the room
- Good intentions don't work, mechanisms do
- Don't want posters on the wall → Weave LPs into every major process



## **HIRING**

Amazon's Bar  
Raiser Process



# Scalable, repeatable, formal process

- Consistently make appropriate and successful hiring decisions
- Objective criteria: Amazon LPs
- Behavioral interviews
- Bar Raiser on every loop and debrief
- Reduces bias



# **ORGANIZING**

Separable,  
Single-Threaded  
Leadership

# Why is this business unit, initiative or new product stuck?

“The best way to fail at inventing something is by making it somebody’s part time job”

--Dave Limp, Amazon SVP of Devices

# STT Delivers Speed, Innovation & Ownership

- Who is the most senior leader working full time on this initiative and no other?
- Does this leader have the organizational skills and capabilities to make this initiative a reality?
- Does this leader have control over the resources necessary to achieve the desired results?

# How do you get there?

1. Identify the right leader
2. Create plan and get aligned with exec team
3. Decide on control and audit processes
4. Establish functional countermeasures
5. Staff the team
6. Remove dependencies and instrument systems so you can measure progress



## **COMMUNICATING & DECISION MAKING**

Narratives and  
the Six-Pager

# Narratives $\Rightarrow$ Information Multiplier Advantage

- Forces presenting teams (the authors) to think and synthesize
- 7-9x more information density
- Ideas matter. No presentation bias
- Convey multi-causal ideas better vs linear format
- Narratives are unambiguous, bullet points and sentence fragments are not

# Running a Narrative Meeting

- 20 minutes of high-bandwidth data transfer
- 40 minutes of high-quality discussion
- Deeper understanding = better decisions
- Leaders stay connected with the important details of the business.



# Types of Narratives

- Monthly / Quarterly Business Review
- Annual Operating Plan
- M&A Reviews
- Working Backwards PR/FAQ



## **WORKING BACKWARDS**

PR/FAQ:

Start with the  
Desired Customer  
Experience

# The Press Release

- Clearly defines customer problem
- Clearly defines the solution and compelling reasons why customers will buy it
- If it isn't compelling (enough), try again...and again

## Press release

Introducing Amazon Kindle

November 19, 2007 at 9:25 AM EST

*Revolutionary Portable Reader Lets Customers Wirelessly Download Books in Less Than a Minute and Automatically Receive Newspapers, Magazines and Blogs*

*No PC Required, No Hunting for Wi-Fi Hot Spots*

SEATTLE--(BUSINESS WIRE)--Nov. 19, 2007--Amazon.com (NASDAQ:AMZN) today introduced Amazon Kindle, a revolutionary portable reader that wirelessly downloads books, blogs, magazines and newspapers to a crisp, high-resolution electronic paper display that looks and reads like real paper, even in bright sunlight. More than 90,000 books are now available in the Kindle Store, including 101 of 112 current New York Times Best Sellers and New Releases, which are \$9.99, unless marked otherwise. Kindle is available starting today for \$399 at <http://amazon.com/kindle>.

"We've been working on Kindle for more than three years. Our top design objective was for Kindle to disappear in your hands -- to get out of the way -- so you can enjoy your reading," said Jeff Bezos, Amazon.com Founder and CEO. "We also wanted to go beyond the physical book. Kindle is wireless, so whether you're lying in bed or riding a train, you can think of a book, and have it in less than 60 seconds. No computer is needed -- you do your shopping directly from the device. We're excited to make Kindle available today."

### **Downloads Content Wirelessly, No PC Required, No Hunting for Wi-Fi Hot Spots**

The Kindle wireless delivery system, Amazon Whispernet, uses the same nationwide high-speed data network (EVDO) as advanced cell phones. Kindle customers can wirelessly shop the Kindle Store, download or receive new content -- all without a PC, Wi-Fi hot spot, or syncing.

# Frequently Asked Questions (FAQ)

- External FAQs

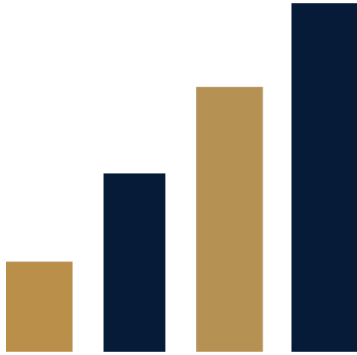
- What customers and the press will ask
- Product specific

- Internal FAQs

- Consumer needs and TAM
- Economics and P&L
- Dependencies
- Feasibility and resource requirements
- Conditions required for success

# PR/FAQ Best Practices

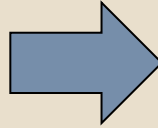
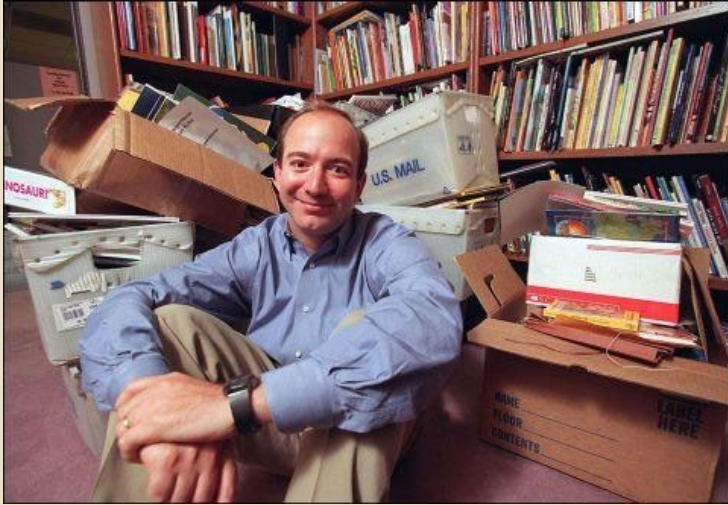
- Obsesses over the customer(s)
- Values truth seeking over selling
- Prioritizes velocity over speed
- Is a continuous process throughout the year



## **METRICS**

Manage Your Inputs,  
Not Your Outputs

## Data Finds You



## Formal Data Process



# Problem Statement

How can the CEO and leaders of a complex business understand what is happening in their business at a granular level?

- Business performance
- Customer experience
- Monitor hundreds of metrics
- Identify controllable customer facing inputs to the business
- Identify actions and initiatives impacting the inputs and outputs
- Decide and respond rapidly to internal and external events



# Manage your inputs, not your outputs

- Inputs and input metrics measure things that, when done right...
  - Improve the customer experience
  - Create value
  - Bring about the desired results in your output metrics like sales, profit and share price.
- Inputs are leading indicators (controllable + customer-facing)
- Outputs are lagging indicators

# How do you identify your inputs?

- Start with outputs and known inputs and drill-down
- Map the end-to-end customer experience
- Post-mortem for errors and defects
- Uncover & establish your flywheel

# Creating an input tree

What inputs  
affect Metric A?

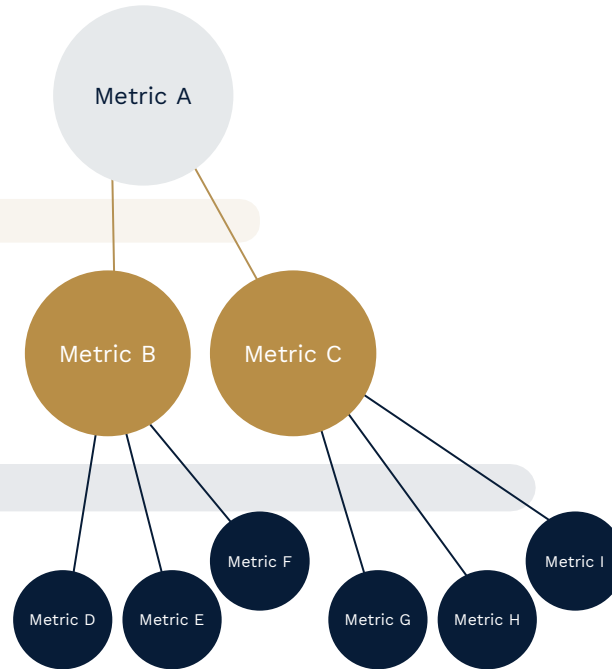
CREATE NODES FOR EACH INPUT

What inputs affect  
Metrics B and C?

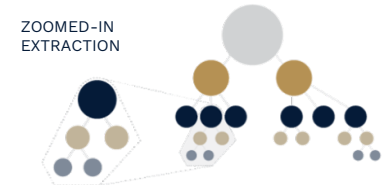
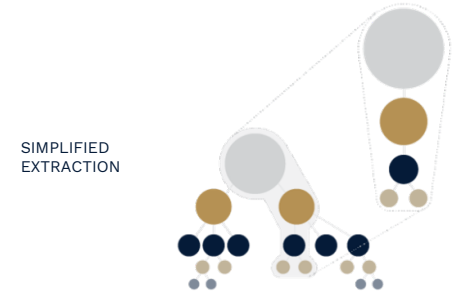
CREATE NODES FOR EACH INPUT

What inputs affect  
Metrics D-I?

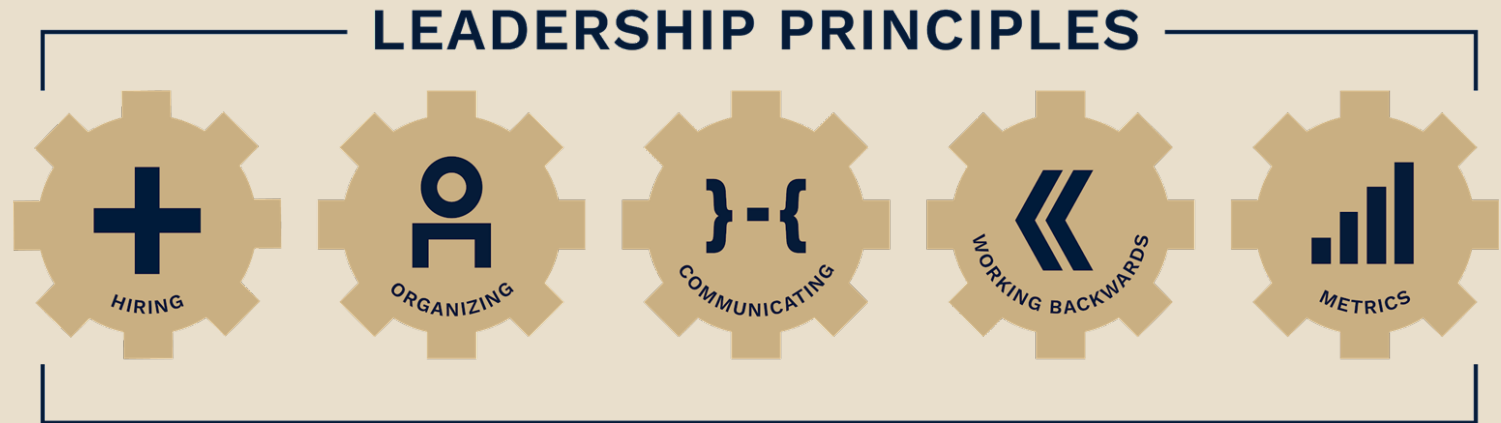
CONTINUE PROCESS UNTIL ALL  
RELEVANT NODES ARE OUTLINED.



Once you have defined your entire tree, you may extract focused sections or curate specific types of node



# The Invention Machine



[www.workingbackwards.com](http://www.workingbackwards.com)

Learn how Amazon works

