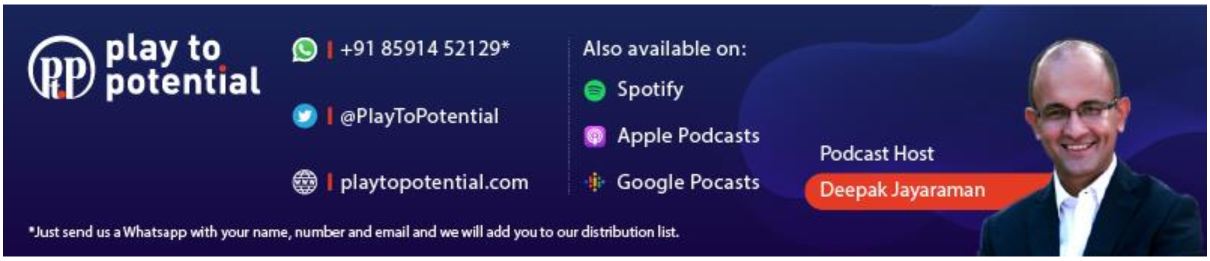

Context to the conversation

Bill speaks about some of the elements of Jeff Bezos's leadership that make him distinctive. While some of those elements are in-born and hard to replicate, he teases out some of the elements that we could learn and imbibe as we go through our journeys.

Transcription

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Deepak Jayaraman (DJ): And I would love to dig into the machine in a couple of minutes, but let's talk about the man, Jeff and I understand Colin was Jeff's shadow after Andy Jassy who is now the CEO, who has been appointed as a CEO at Amazon after Jeff. While a lot has been said about Jeff's leadership, in your opinion Bill what makes him special? I am specifically curious about some of the learnable elements of his leadership right, habits, routines rituals or principles. If you had to sort of talk about three or four things that stand out for you, what would those be?

Bill Carr (BC): Well, first of all the thing that is not learnable is the guy is brilliant okay, so he was born with a certain amount of mental horsepower and he won the genetic lottery in that category. But here are the things that are learnable. Number one is that Jeff is curious, he is intellectually curious. So, when a topic comes up, he digs into it and people who are curious also tend not to take things at face value. So, when a new idea, new product, new issue comes up and whether that issue is something he learns about in the wild or something that he reads about in a document from someone in Amazon, he doesn't just accept it as fact and he seeks to look at it from multiple angles and decide what he thinks is the right way to think about it and, you know, we have many examples of this in the book. The other thing that Jeff that's learnable, that's remarkable of Jeff is the timescale is his way of thinking about time. Most of us are actually very short-term thinkers. We don't, many who are short-term just think about what they are, you know, what's going on, how can they satisfy their needs at this hour? Some of us who are longer term can think in terms of days or weeks or months or a few years, but Jeff thinks in terms of decades and if you want one example of the way in which he thinks at a timescale is different, just go Google a Clock of the Long Now after this podcast and learn about the project that he is financing to build a clock that will run for 10,000 years. And he's also deeply curious about space and if you think about space and time then you realize of course that we are A, so small, and B, time is so vast and long. So, that long-term thinking though comes in very handy when you are trying to be an effective business leader. Another thing that is learnable about Jeff is the way that he believes that the interest of customers are perfectly aligned with the interest of shareholders. And most businesses don't think that way; they actually think that the interests of shareholders are all just about how do I deliver the right financial results to them and some of the cases the needs of customers are at odds with that and this kind of goes hand-in-hand with the long-term thinking that if you have long-term thinking and you think about meeting customers' needs over time, over the long arc of time, if you stick with that you will actually get the right outcome for shareholders. And then one other and it's hard for me to sort of make this a short list, I will give you one more now and I will pause from there because I have learned so many things from Jeff, but another one is what I would call the Tyranny of the OR. A lot of its conventional wisdom is to believe that there are certain things you can't have together. You can't have low cost and high quality or you can't have speedy delivery and low cost or whatever those two sort of opposing items are. And Jeff taught us that there's a fallacy in sort of believing in sort of that there are these either or propositions and to be able to focus on how you can have them both.

DJ: Lovely, and if I may pick up on a couple of things you mentioned, Bill? One is the Tyranny of the OR; the other is the long timescale. Given that often we operate in environments where people are expecting short-term outcomes, whether it's the market, whether it's our colleagues or otherwise, how did… do you have any insights on how Jeff managed the short-term and the long-term?

BC: Well, we have lots and lots of them but the simplest example is that all companies encounter this and we encountered, you know, we encountered this at Amazon, I mean, we encountered the same business problems at Amazon that every other company did but over time we ended up taking applying different solutions. So, a great example is that when I was there in 1999, I remember it was the third quarter or the fourth quarter, but here we were with a few weeks to go in the quarter and I remember the word going around to say it looks like we are going to come up short of our revenue goal for the quarter. What can we do with these final three weeks of the quarter to close that gap? And there's not a company out there that probably someone can say I have never, you know, where this hasn't happened and what most companies do in that situation is because it is a short window of time and the only, you know, so you have to take measures that will create some pop in the short term is then they do something like create a price promotion or something that will actually maybe give you that short-term benefit of hitting instead of 125 million in revenue or 150 million but doesn't do anything for you long term. In fact, it hurt you long term because A, instead of spending that time building, creating real value for your customer and something differentiated you spent that time focusing on some short-term promotion but also by the way you probably just pulled demand out of the next quarter into this quarter. So, you are just going to have a deeper hole as you get into the next quarter. What long-term thinking looks like instead is we are not going to play that game, we are not going to focus on what price promotions or some clever thing to do with our inventory, send back a bunch of our inventory to our suppliers, even though we know will need it eventually to make our working capital numbers look better; there's all kinds of things companies do. We are not going to do those things and said we are going to focus on what really matters to customers and how we can build towards that and I could go on from here, but I will sort of pause there.

DJ: Got it, got it. Of course, it's a longer conversation. But moving topics Bill, I would also love to get a time trend view of how you saw Jeff evolve as a leader? In a lot of ways, you and Colin spent time in the early years where the company sort of went through significant scaling. What have you and Colin observed Jeff do in being deliberate about his evolution as a leader?

BC: So, first a caveat on my part and Colin's part, a lot of our deep interactions with him really began in my case in 2004 and Colin's case in 2003 and so my interactions with him are a little bit more limited. So, some of my observations here are hearsay but let me generalize first. Every, almost every single entrepreneur, CEO that finds product market fit and then their company starts to grow quickly and scale quickly, they all face this same challenge which is the skills and the methods of management they used when the company was 5 people, 10 people, 20 people, 30 people, pretty much anything under 60, was that they could be in every meeting, they could interview everyone, they could be a part of every decision. But once you get north of say 130 people and you are say doubling your year-over-year growth or in Amazon's case we were, I don't know, probably like quadrupling in scale year-over-year, that doesn't work anymore, right? You can't be in every interview; it's not physically possible, okay? And so, the management methods you may have used like most start-up CEOs would use to say they held those daily stand-up with the whole company and talk about like what's going on and we are all working on today, they could be in the interviews like that doesn't work. So, there is two choices of what can happen at this point. Either that CEO can evolve and start to learn about and either take commonly accepted practices for how one manages a larger enterprise and company effectively and, you know, for example, when I was in business school in the 90s one would study companies like General Electric or Procter & Gamble or Toyota and many, many other companies the work of Peter Drucker or others who would describe like here's how you do these things. Or you go hire someone and actually we tried both. So, Jeff actually did hire a Chief Operating Officer named Joe Galli, and that did not really work out so well; Joe lasted for about a year. So instead, what Jeff decided to do was to actually like said, I am going to reject a lot of these sort of conventional ways of thinking and I am, I do understand that this is the challenge. What I am trying to, what I Jeff want to do is say how do I take the mindset that I have, the lens through which I view the world and how I am making decisions and how do I make that something that's repeatable, that others can understand and apply as they work here at Amazon. And so, we started, I don't know what the exact date was, but certainly in 2003 or he was well he was down the path of this journey and his solution to this problem was first and foremost actually create a set of leadership principles, where he really sweated over the details of what these principles were and how they were described in the ways they were instructive about the actions and activities you would take as a leader in the company. And then he sought to create specific mechanisms or processes to reinforce them. So, these two things are actually… those sound simple, most companies don't do either one of those things, they just scrap it. They don't, they create maybe a set of values or principles, but they don't really sweat the details of them A, and then they don't seek to figure out how to actually create mechanisms to reinforce them. And so, Jeff really took this journey, this transition very seriously and that's actually we really want to reveal to the world is that what he came up with is rather remarkable.

DJ: True and I would love to get into some of these mechanisms and principles in a couple of minutes. But back to Jeff, the other thing that strikes me is just his ability to manage his energy, right? He talks about getting a sound eight hours of sleep every night and a fair bit of exercise as well. Any insights into how you and Colin saw him manage his energy and his attention?

BC: Well, I guess what I can speak to more so is how he spent his time when he was at the office. I certainly can't comment much about how he managed his energy, I wouldn't know, I am speculating but another thing he did that was unconventional is what most CEOs do and leaders do is they spend the vast majority of their time on their existing business. So, for example, if you are Howard Schultz you spend most of your time on how you are going to sell more coffee at Starbucks stores. And by 2004, Jeff had made the decision to say I have put in place the right kind of he had done much of work to get here, but he had started to put in place the right kind of processes and thinking and the right kind of leaders to be able to step back and say I am going to have a lot of the day-to-day work figuring out how Amazon is expanding its selection and lowering its prices and improving a lot of the details of the customer experience. I am going to spend about half my time on that but I am going to spend the other half of my time on what are the new important things we need to… what are new products and services we need to build to create whole new businesses for the company. And while I am certainly no expert on CEOs and how they spend their time, I would be surprised if you could pull the Fortune, you know, top 500 CEOs in the world I bet you would not find very many of them they all keep their time that way. And the important lesson there is that if you actually are going to develop whole new businesses inside a company those are very fragile institutions, existing institutions are great at running and operating the existing business, but they are also great at trying to snuff out and stifle innovation and new ideas that might either be competitive to or ancillary to that business. And even in a company like Amazon, this is true. Most people, if you pulled the average person that knew senior leader at Amazon in 2004-2005 to say what do you think about all this time we are spending and money we are spending on digital media and AWS, a majority of them would have said this is a bad idea, we shouldn't be doing this which would surprise you to learn. But when something is nascent and new it's much easier to point out the ways in which this is not likely to work than to see the ways in which it would and why you should put the company's resources against it, especially when the core business for the company e-commerce still had so much room to grow as is evidenced by what's the size of Amazon's e-commerce business today versus 16-17 years ago, it's huge.

DJ: Hmm, hmm.

BC: And so, a lot went into that but… and so, Jeff could have just spent all of his time on that and Amazon would still be a very successful company, but instead he actually started spending about half of his time fostering and growing Amazon Web Services, Digital Media & Devices.

Reflections from Deepak Jayaraman

DJ: Two things really struck me here.

1) One is the point that Bill makes about how Jeff thinks about time. After he mentioned it, I did Google "Clock of the Long now" and it is quite a fascinating project which puts time in perspective. An interesting piece of trivia here is that when we moved from 1999 to 2000, the clock chimed twice! Just to contrast it with the hourly chimes that we are used to. Just changes the way we relate to time.

One of the earlier guests James Clear (JC) speaks about it quite succinctly. He speaks about how we can all have habits and systems to really take advantage of time and play the compounding game.

JC: *"good habits make time your ally, all you need is for time to work for you, to let another day move by and you could continue to be put in a better and better position. But bad habits make time your enemy. Every day that clicks by you are putting yourself a little bit further behind it or you are digging the hole a little bit deeper. So, for all of those reasons I think habits are what we can say the compound interest in self-improvement".*

DJ: 2) The second piece that really struck me from what Bill says is the notion of the Tyranny of the OR. Management thinker Jim Collins speaks about the Tyranny of the OR versus the Genius of the AND.

He quotes F. Scott Fitzgerald who says *"The test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function."*

Given the increasing complexity of the world we live in and the interconnectedness of the various elements, I would argue it is possibly a lot more relevant today than it was a few decades back.

End of transcription

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Nugget from James Clear that is referenced: Plateau of latent potential.

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Bill Carr - Nuggets

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- 72.01 Bill Carr - Learnable elements from Jeff Bezos's leadership
- 72.02 Bill Carr - Bringing 14 leadership principles to life
- 72.03 Bill Carr - Raising the bar on recruitment
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About Deepak Jayaraman

Deepak seeks to unlock the human potential of senior executive's / leadership teams by working with them as an Executive Coach / Sounding Board / Transition Advisor. You can know more about his work here.

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