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Context to the conversation

Bill decodes the Amazon Leadership Principle – Are right a lot. He speaks about how Amazon thinks about good judgment and the nuances between 1 way door decisions and 2-way door decisions. He speaks about how Amazon creates a culture of open-ness to multiple perspectives in the spirit of enabling good quality decisions.

Transcription

Deepak Jayaraman (DJ): A couple of leadership principles I wanted to zoom in on. One is, are right a lot and the other was about disagree and commit, have backbone, disagree and commit. But talking about the first one, are right a lot, the reason it intrigues me is that very often in the corporate world leaders are measured by outcomes and not so much by the decisions, right? In the context of how Amazon thinks about leadership judgment, any insights around how Amazon focuses on the quality of the judgment and not just on the quality of the outcome?

Bill Carr (BC): Yeah, so if you read that, so anyone can go read these leadership principles, just Google Amazon leadership principles, they are published. So, for each one of these to really understand them you can't just read the headline, you have to read the detailed sentences beneath them. So, are right a lot is described this way. Leaders are right a lot, they have strong judgment and good instincts, and they seek diverse perspectives and work to disconfirm their beliefs. Okay, so you have to then deconstruct each section, right a lot, so leaders end up so, you know, what are the primary jobs of a leader? One of the most important ones is to make decisions, right? And the easiest decisions to make are ones where the data clearly tells you to choose door A versus door B. And if every decision were that way frankly you wouldn't need CEOs and leaders, we can all just look at the data and say, ah, the data says this, and we are going to go do that. But the reality is very rarely is that the case. And so, what a leader has to do in making a decision is to be able to factor in many variables, a variety of information from different sources and different angles and distil that all, make sense of it all, organize it all in their head and use that to make a decision. That is not a skill that anyone is born with, that is a skill that people practice over time and the best way to practice it by the way is to be put in a position where you have to make a lot of decisions quickly, or make a lot of decisions excuse me, quickly is not an important part and that comes through experience. So, when I look at this one, this means that people have through experience have gotten skilled at the art of making, the art and science of making a decision. And if you look at their track record of having... so when you are in a performance review discussion and you are wanting to know if you should promote someone you are going to look for examples of when this leader was confronted with you know door A or door B, what did they decide and how did that work out and not only what did they decide but how did they decide it. So, they seek diverse perspectives and work to disconfirm their beliefs. That requires, you should re-read that one about four times if you are

listening to this podcast. So, diverse perspectives, that's pretty straightforward. But let me step back a minute. What a lot of leaders think their job is, is to be confident and right and in fact and a lot of times, in fact, what inexperienced or leaders that are not that self-confident do is that they don't realize that their job is actually to seek a lot of different data and perspectives to make a good decision. Drucker wrote about this. In fact, he would say that if you are in a meeting and everyone says and you are confronted by door A and door B and literally everyone is making an argument for A and no one is making the argument for B, you should disband this meeting, not make this decision until someone can go and make a good argument for B, because you don't really understand the problem well enough if you don't understand what is the argument for B. There are always good arguments on both sides and if you don't understand the arguments on both sides of an issue then you don't really understand the issue. So, a good leader gets that and so they seek diverse perspectives, they seek contrary appointed opinions and points of view that are contrary to their own. And they work to disconfirm their beliefs. There's a great story about this that I have heard, it's hearsay about Steve Jobs, where Steve Jobs I don't know what the product was or I don't know who the leader was but there was some product that was launched at Apple at one point and it flopped. And he went back to one of those leaders and said, it's your fault that we made this mistake and this guy said me? It's not my fault, I was the one who spent I was trying to told you we shouldn't do this and this wasn't going to work and so how could it be my fault? And Steve said, because it's your fault because you didn't bring forth the information in the right way to help me understand why this wasn't going to work. And so, the point is Steve Jobs, great leaders and great thinkers like Steve Jobs or Jeff Bezos, they seek out, they talk to many people, they form a point of view, then they go talk to someone else that tries to take the other side of the argument to let them see does that other side of the argument a better argument or is this one a better argument? That's what the disconfirm their beliefs is. So, I could talk about right a lot a whole day but this is an extremely important skill that great leaders have.

DJ: Got it. Moving to a different theme Bill, you talk about how Jeff and leaders in Amazon made decisions and you talk about one-way door decisions and two-way door decisions, right? And you say in the book that very often people use the mechanism for one to make decisions on the other side. So, could you talk a little bit about what kinds of decisions are these and maybe with a couple of examples illustrate how Jeff or leaders in Amazon thought about these two kinds of decisions?

BC: Yeah. So, simply put a one-way door decision is that if you make that decision you walk through the door, you can't just turn around and walk back through that door without incurring substantial cost or difficulty. A two-way door decision means you make that decision, go to the other side, you don't like what you see, no big deal, you just walk back through the door and go back to what you were doing before. A simple example of a two-way door decision was when we said, we are not going to use PowerPoint anymore, we are going to use Word documents to make between meetings. If we had tried, if we had done that for a month and didn't like it just go back to PowerPoint. A one-way door decision is to say, I think we need to build a new fulfilment centre, a new 800,000 square foot fulfilment the centre in Australia and we don't have any there right now, that's a pretty big decision and if it turns out that by launching in Australia don't materializes or etc., etc., etc. or you have picked the wrong place, that's going to be a very expensive decision. So, in other words for two-way decisions, two-way door decisions don't spend, you know, don't spend hours and days and months debating those, just do it, just go through the door, if you don't like what you see, go back. But for one-way decisions that's where you want to slow down and actually look at the data carefully and make a good decision. And by the way hiring someone is a one-way door decision; it's very expensive and difficult. That's why it's a considered process of the company.

DJ: Got it, got it. And how did... I guess one of the pieces I was curious about was from a leadership development perspective when it comes to things like judgment, when it comes to things like

decision making, how does Amazon think about developing that capability with the leaders at various points in their hierarchy?

BC: The best way for people to learn and develop is by doing. So, a lot of people I am going to botch this but there's like a 70, 20, 10 or something like that that people use where the idea is that 70% of your time, you know, 70% of the way you are going to develop is just on the job work and development, 20% of it is self-learning, self-teaching, reading books, going online, reading blogs, listening to podcasts, maybe 10% is some actual formal class or training that you take. And I firmly believe that that the way you learn the most is by doing, by being presented with situations, having to make decisions and learning from your mistakes and your successes. The other way is by having a culture of teaching and training in the company. Let me just give you a simple example of this. When one of the many things that would happen when you are in a meeting with Jeff and we would be talking about a document, read a document and now we are in a meeting and having a discussion and he would present a way of thinking that no one else in the room had presented or a solution or a decision that no one else had thought of, one of the most important things he would do is to say, I think we should do this and let me explain to you how I got there. He would then explain the filter, the thinking, and the criteria that he applied to the problem to help him get to the right solution. And that's a great example of that kind of teaching is something that a manager or a leader should do every day. Like the worst thing a manager or leader could do is say, nope, we are going to X just because like that's what I want to do. That is the worst. What they need to do is say, we are going to do X, and let me tell you why I think that's the right idea. That's just one example of the way that you can coach and teach. Another example again, at Amazon we had this Bar Raiser hiring process, a part of what the Bar Raiser did was to say, in the interview debrief he would say to give coaching and teaching to feedback to people who are interviewing. Interviewing is hard. So, when people would say, would talk about a candidate and talk about their abilities versus say the leadership principle are right a lot and someone might say well, I think this person is right a lot and here's the example of why. If the Bar Raiser disagreed, they would say, well actually, I don't think this person is right a lot and here's why I don't think you are thinking about that the right your example really isn't an example of right a lot, it's an example of something else or it's not a good example at all. So, you want to have that culture of teaching and thinking in every meeting and every decision and every discussion. And to loop back on the theme, the Amazon leadership principles were often a big part of that like to say I am making this decision because I don't think the customer obsessed way to make this decision is this where you refer back to some specific leadership principle or like I just don't think we are insisting on high enough standards here. So, our standard shouldn't be, you know, 99.5 of the time that we meet customer promises should be, you know, 99.999 and here's what.

Reflections from Deepak Jayaraman

DJ: If this is a topic of curiosity, you might like my conversation with Sir Andrew Likierman (AL) of London Business School who has studied the topic of judgment. He spoke about a 6 step process for us to get to a good decision. Here is a short snippet from him.

AL: "there's the famous case of Alfred P. Sloan at General Motors when people agreed to an item on the agenda around the board table ask people to go away and think about it and then come back to the next meeting so that somebody could present an alternative so that they could at least discuss it. Now, I am not suggesting that's a very good use of everybody's time but it just let me give you an example of something that I have done here which is and that happens particularly if people are somehow afraid to speak up, they say I liked somebody, I would love to name somebody, you know, just to put the alternative view so that we have heard it. Now, that might give somebody courage as

it were to put forward a view that they have without feeling that they are causing a problem in terms of their own position in disagreeing with the majority of people in the room”.

DJ: When I work with leaders in transition, there is often the notion of the availability bias where you believe “what you see is all there is” in terms of transition possibilities. But if you create the space and the time for new possibilities to emerge, you often end up in a much better place. If you wish to know more about this, you can go to my LinkedIn profile (just search for Deepak Jayaraman on LinkedIn). You will see an article on “What you see is All there is Bias”. Ensuring that we create a climate for people to speak up and listen to diverse perspectives can make all the difference. If this topic is of interest, you might like the playlist Judgment. Go to playtopotential.com. Once you are there, go to the Curated Playlists section and look up the Playlist on Judgment.

End of transcription

Nugget from Sir Andrew Likierman that is referenced: [Seek diversity, not validation](#).

RELATED PLAYLISTS YOU MIGHT LIKE

Judgment: Judgment is a key trait that differentiates the great leaders from the average ones. How do you make decisions and exercise choices in a world full of options and grey areas with multiple stakeholders around you. In addition, the playlist has nuggets that discuss how one creates a climate for the people around you to exercise good judgment. You can access the playlist [here](#).

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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
- 72.04 Bill Carr - Recognizing and developing good judgment

- 72.05 Bill Carr - Disagree yet commit - bringing it to life
- 72.06 Bill Carr - Written communication - a competitive advantage
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- 72.08 Bill Carr - "What" decisions versus "Who" decisions

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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