AWS re:Invent

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Making high-velocity decisions at scale and speed

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> **“Day 2 companies make high-quality decisions, but they make high-quality decisions slowly. To keep the energy and dynamism of Day 1, you have to somehow make high-quality, high-velocity decisions.”**

- Jeff Bezos, Founder and Executive Chair, Amazon.com, Inc.
  2016 Shareholder Letter

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"Speed is not preordained. Speed is a choice. You've got to set up a culture that has urgency and actually wants to experiment. You've got to be doing it all the time."

Andy Jassy, CEO, Amazon.com, Inc.
re:Invent keynote, 2020



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Pulse check poll

1. I believe my team will increase speed to market in the next 12 months

2. My organization excels at decision making

3. I spend the right amount of time deliberating and making decisions



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The best time to act is now

"75% of innovation leaders expect to increase speed over next 12 months (compared to 57% of followers)"

"Delivering Customer-Focused Innovation." 2020.

Harvard Business Review Analytic Services

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But barriers to decision-making still exist

20%
feel they excel at decision-making

37%
of time spent making decisions

61%
consider decision-making time inefficient
530 K lost working days
$250 M wasted labor costs

64%
of C-level decisions are delegable

Companies reporting better financial results were **6.8x** more likely to make decisions at the right level

"Decision making in the age of urgency"
McKinsey Global Survey, April 2019

aws

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How do you achieve speed and quality in decision making?

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Amazon’s approach to decision making

- Mental models and mechanisms
    - Virtuous flywheel
    - Leadership Principles
    - One-way and two-way doors
- Organization structure
    - Deliberate team design
    - Tenets
- Best practices
    - Prioritization
    - Escalation

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Mental models and mechanisms

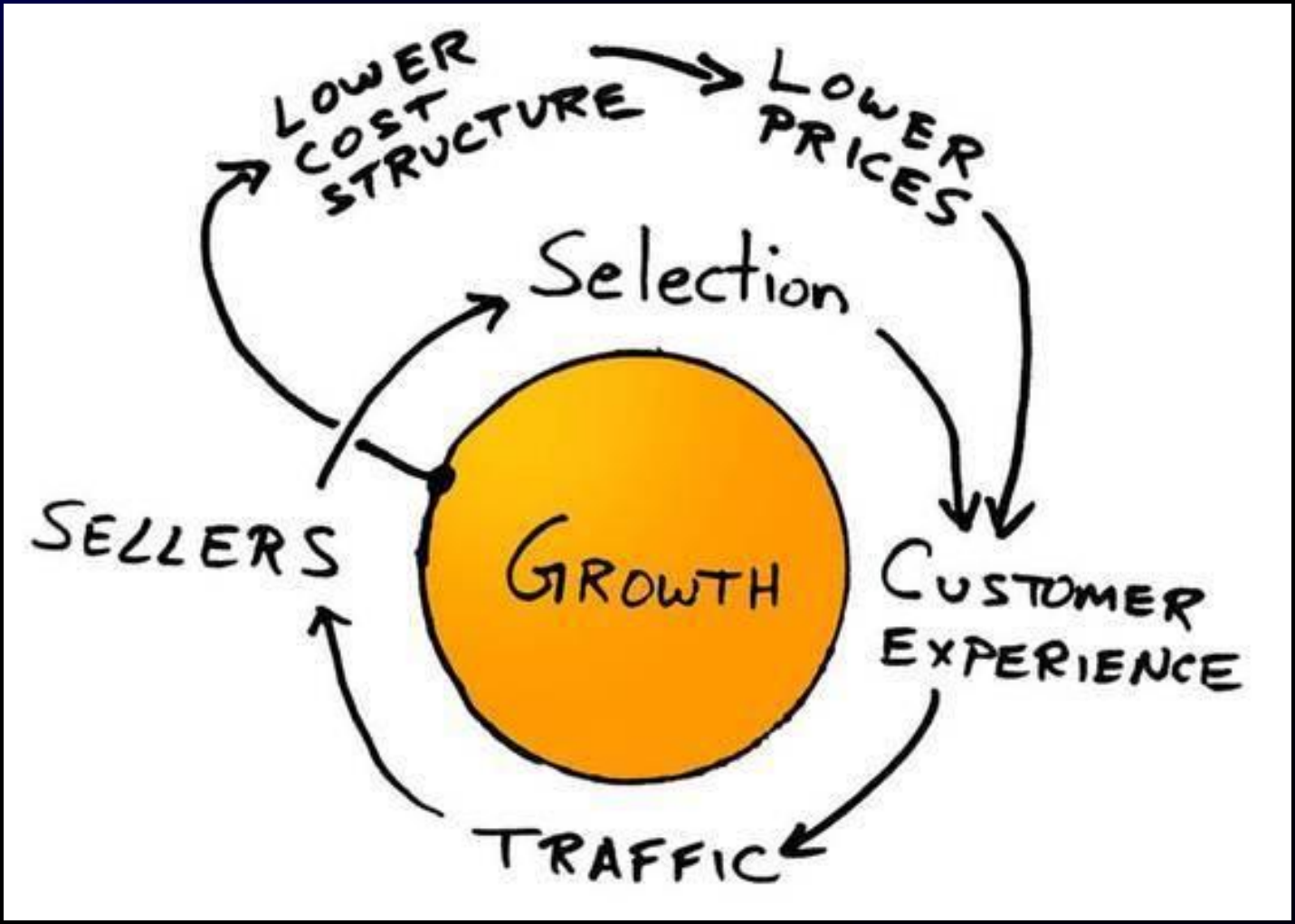
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Understanding mental models

Mental models are the assumptions embedded in every individual or group of people. They shape our view of reality, our beliefs and attitudes, and the way we engage in the world



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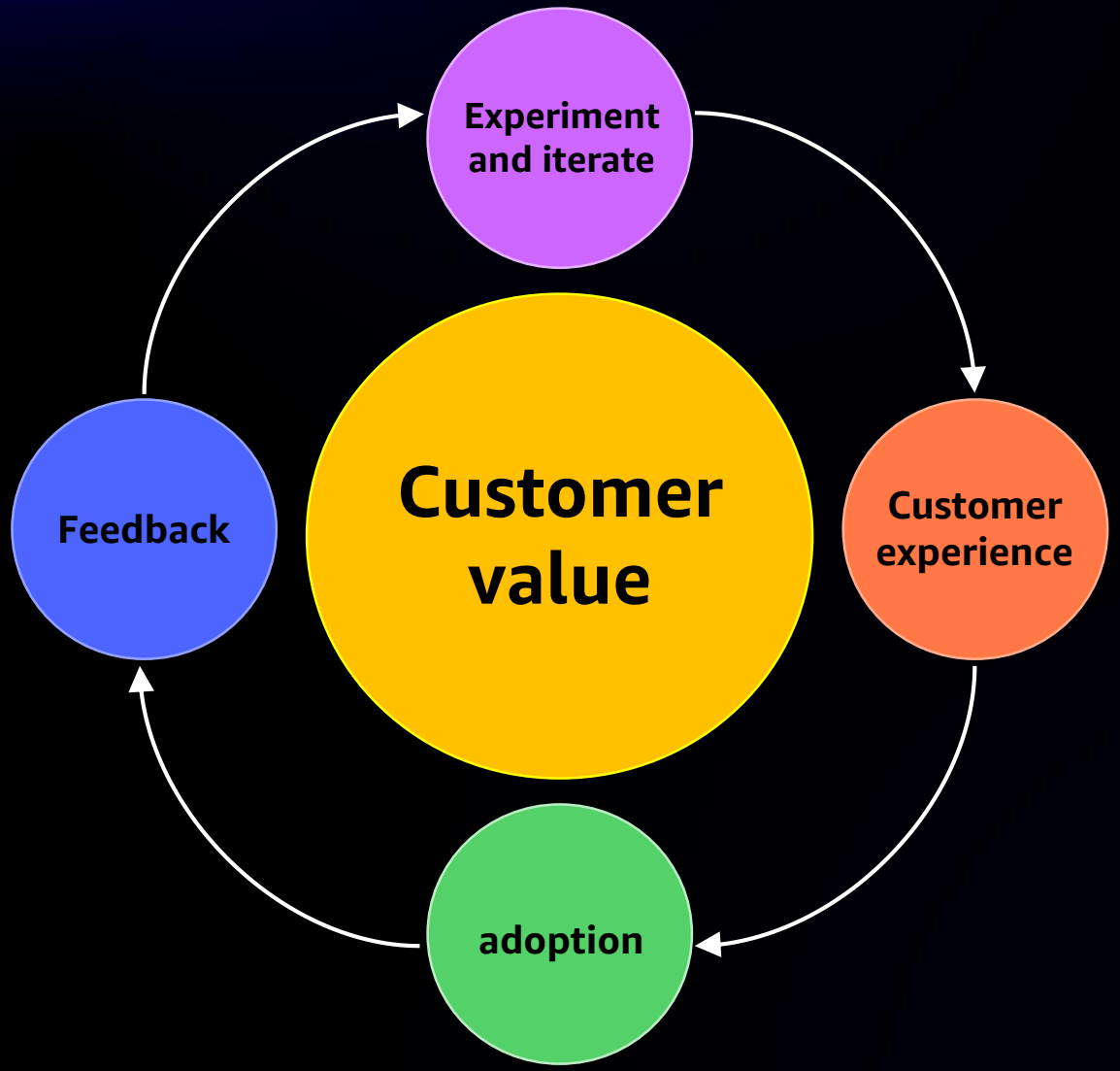


Amazon's retail growth flywheel

- Price
- Selection
- Convenience

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The customer value flywheel



- Relentlessly work to surprise and delight customers
- Work Backwards from customer needs
- Enable constant, rapid experimentation

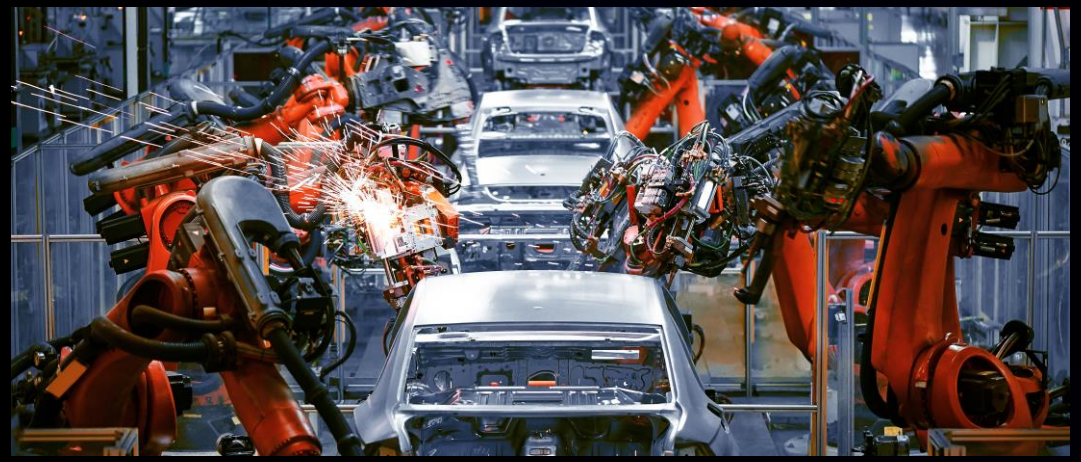
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A mechanism is a complete process



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An example: The Andon Cord

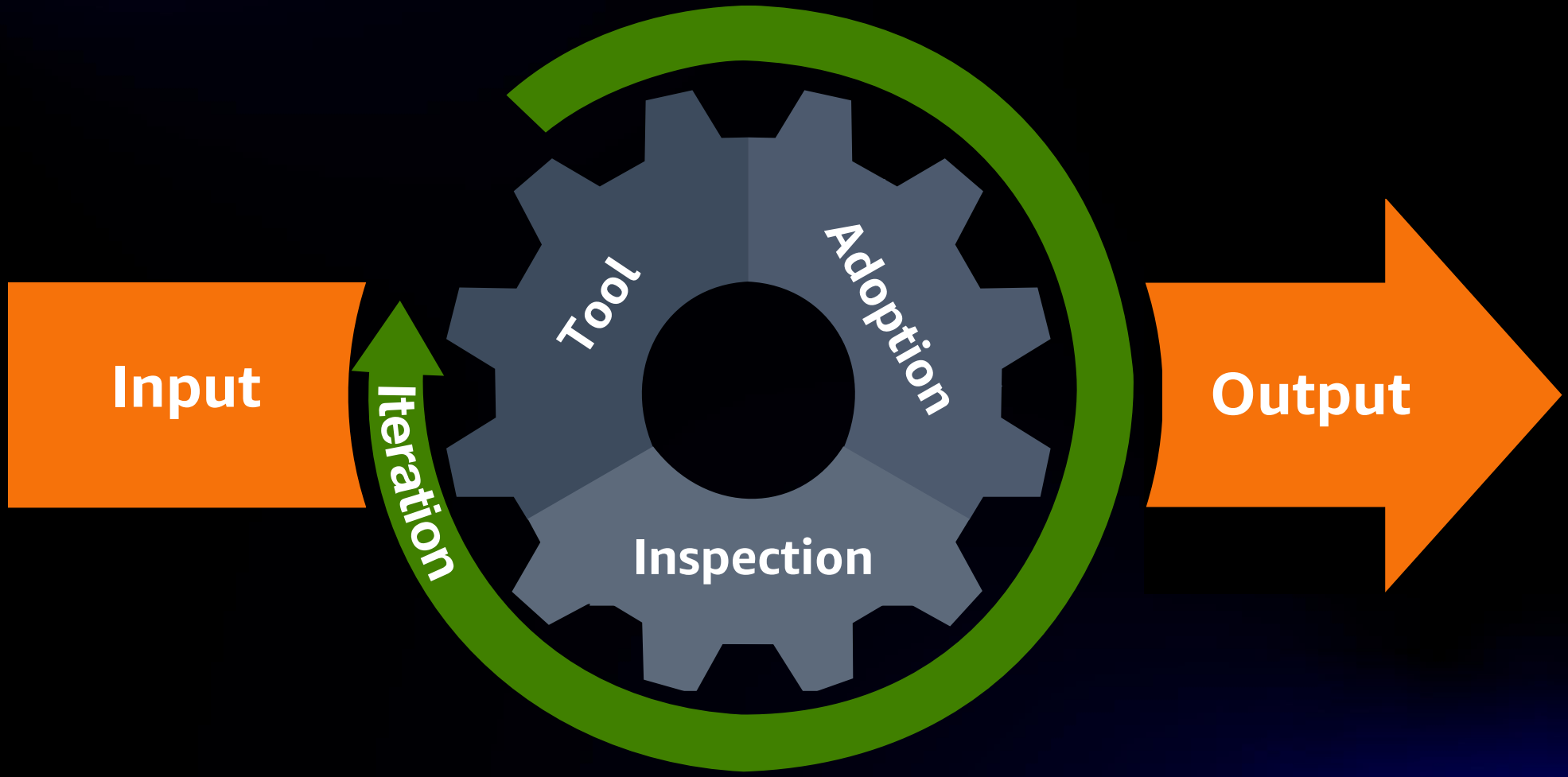




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Andon Cord as a mechanism

TYING THE PROCESS TOGETHER



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Leadership principles

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Our Leadership Principles

https://www.aboutamazon.com/about-us/leadership-principles

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Diving deep on 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.

Bias for Action

Speed matters in business. Many decisions and actions are reversible and do not need extensive study. We value calculated risk taking.

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Example: Have Backbone; Disagree and Commit



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Bias for Action

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Is it a one-way or a two-way door?

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One-way or two-way door

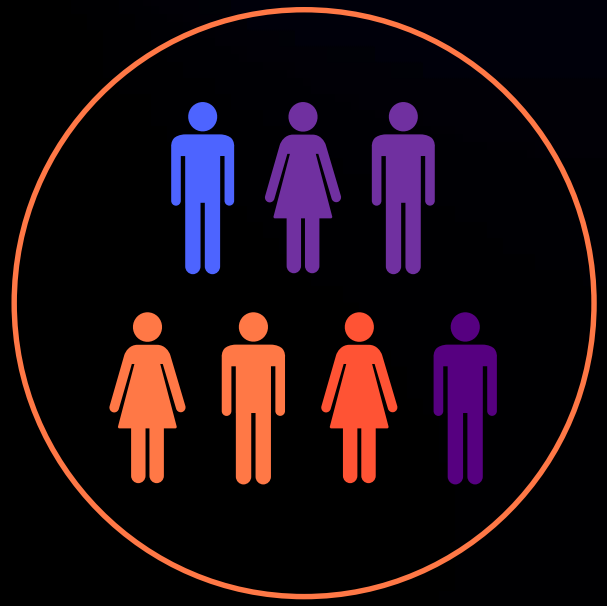
	One-way door	Two-way door
Building a proof-of-concept prototype	☐	★
Reducing prices of an EC2 instance	★	☐
Releasing a new AWS service	★	★

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Organizational structure

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How many people can two pizzas feed



- Accelerated speed to market
- Reduced dependencies
- Increased ownership and morale
- Right-sized scope and delivery

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Deliberate team structure

- Customer led
- Flat
- Agile
- Autonomous
- Specific and aligned



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Tenets guide decisions and actions

- Drive agreement around questions that are hard to verify
- Help keep focus on driving value to customer
- Caveated with “unless you know better ones”



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Tenets are a team's operating model

- We will experiment. We will not be afraid to change components of the service offering within geographies or across geographies.
- We will move incredibly fast. We launched in 100 days and we will launch in a 100 cities—or until someone makes us stop.
- We are scrappy. That said, we will not underinvest in safety or customer and public trust.
- Problems are treasures: we gladly surface problems because we are committed to resolving them

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Prioritization and escalation

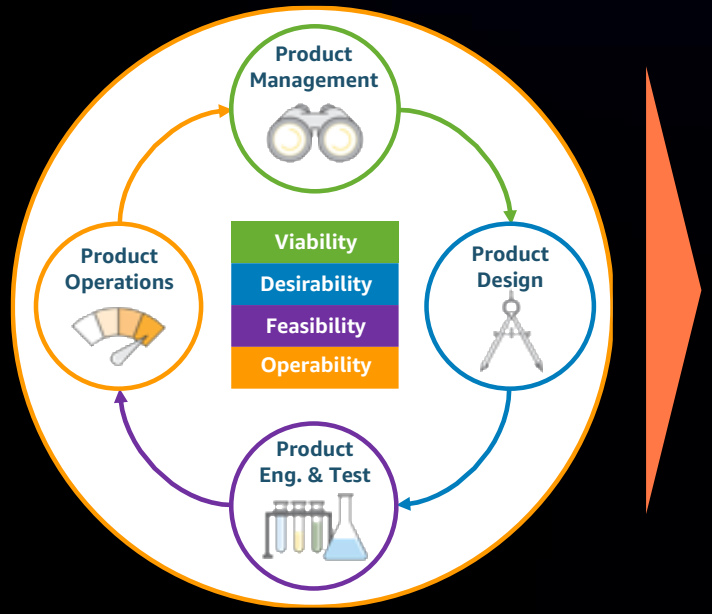
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Work backwards from the customer

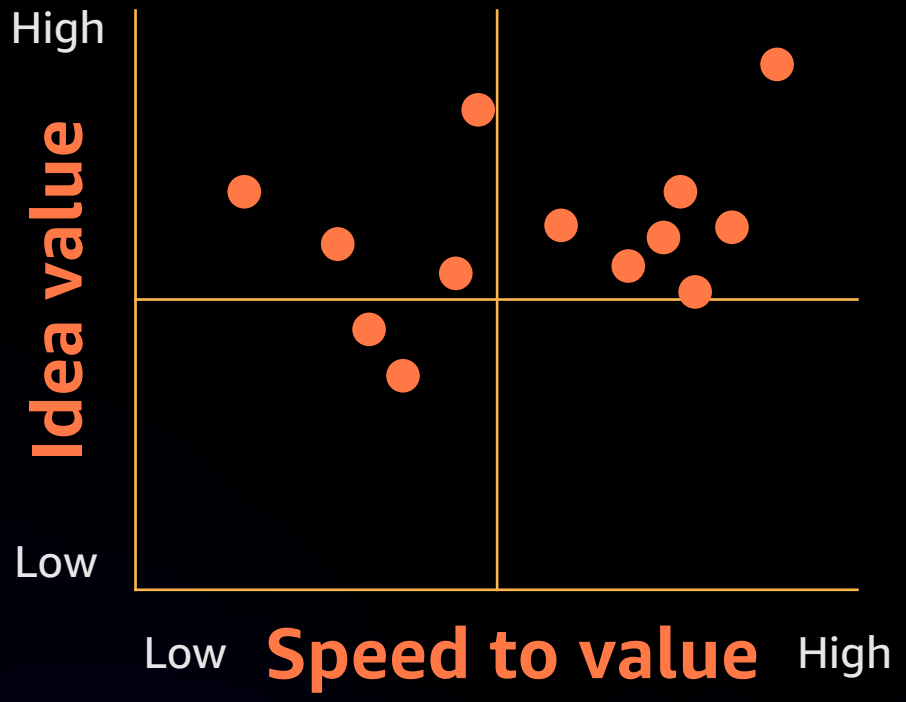


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Rapid prioritization



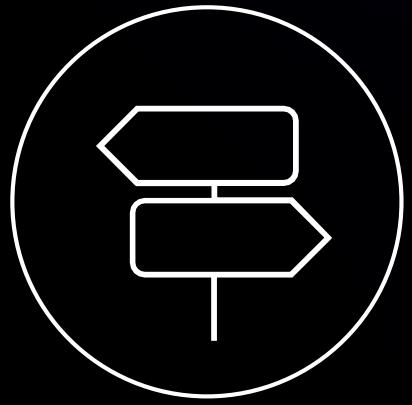
	Viability	Desirability	Feasibility	Operability
Feature moon	3	3	2	2
Feature sky	2	1	3	3
Feature star	3	3	1	1



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Escalate quickly when required

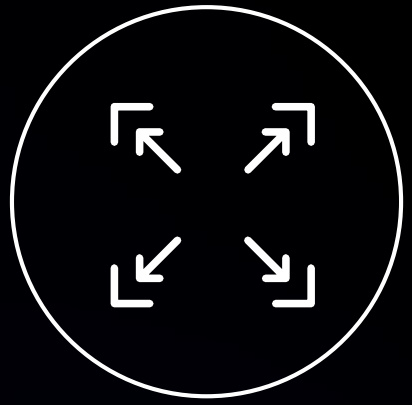
Situations that may need escalation



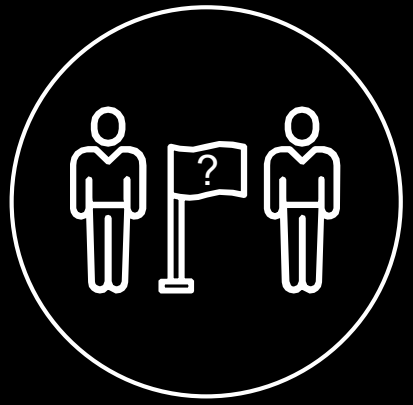
Competing priorities



Too many players



Scope strain



Unclear ownership

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Discover more ways to innovate on AWS

INO 202 How Amazon.com transforms customer experiences through AI/ML

Breakout session

INO 204 Rapid transition from innovative idea to delightful solution

Chalk talk

INO 205 Making high-velocity decisions at scale and speed

Chalk talk

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Thank you!

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