

### VCA Blog May 11, 2017

# 3 Tactics Amazon CEO Jeff Bezos Uses to Make High-Velocity Decisions – Even When He <u>Disagrees</u> With the Decision

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ALPHARETTA, GA – Amazon recently released Jeff Bezos' 20<sup>th</sup> annual <u>letter to shareholders</u>. His letters are always packed with practical information and this one had some excellent points.

#### Jeff writes:

"To keep the energy and dynamism of Day 1, you have to somehow make high-quality, **high-velocity** decisions. Easy for start-ups and very challenging for large organizations. The senior team at Amazon is determined to keep our decision-making velocity high. Speed matters in business – plus a high-velocity decision making environment is more fun too. We don't know all the answers, but here are some thoughts.

First, never use a one-size-fits-all decision-making process. **Many decisions are reversible**, two-way doors. Those decisions can use a light-weight process. For those, so what if you're wrong? I wrote about this in more detail in last year's letter.

Second, most decisions should probably be made with somewhere around 70% of the information you wish you had. If you wait for 90%, in most cases, you're probably being slow. Plus, either way, you need to be good at quickly recognizing and correcting bad decisions. If you're good at course correcting, being wrong may be less costly than you think, whereas being slow is going to be expensive for sure.

Third, use the phrase "disagree and commit." This phrase will save a lot of time. If you have conviction on a particular direction even though there's no consensus, it's helpful to say, "Look, I know we disagree on this but will you gamble with me on it? Disagree and commit?" By the time you're at this point, no one can know the answer for sure, and you'll probably get a quick yes.

It's a genuine disagreement of opinion, a candid expression of my view, a chance for the team to weigh my view, and a quick, sincere commitment to go their way."

Jeff Bezos is passionate about remaining a Day 1 company because "Day 2 is stasis. Followed by irrelevance. Followed by excruciating, painful decline. Followed by death" and "Day 2 companies make high-quality decisions, but they make high-quality decisions slowly."

Your future self may not agree with every decision you make today so knowing that the best and brightest often make decisions with only 70% of the information they would like and many decisions are reversible (you can go back out the door you came in) form a sound safety net for just about any decision you will make and



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should give you the confidence to move forward toward your goals and dreams. And in a business setting, having the option of saying "I disagree but will fully commit to your plan" empowers others to achieve what for you, with your individual experiences, talents and lenses through which you view the world, might be impossible.

Remember, "you need to be good at quickly recognizing and correcting bad decisions". Whether you agreed with the decision or not, your future self needs to be adept at spotting bad decisions, rapidly course correcting, and learning from them. In our business we have done team post-mortems to dissect the causes of failures, ensuring that the entire team benefits from the learnings. We all grow stronger and better at our roles when we share our successes and our failures. We use a kaizen process that keeps the failures few and small and yields larger successes with increasing frequency.

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At Vertical Capital Advisors, we are most often engaged by industry leaders to be the bridge to the capital they need to fuel growth. We start with great leaders at great companies that have compelling, profitable business plans where the only missing ingredient is capital.

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