Who is Jeff Bezos
Jeffrey Preston, aka Jeff Bezos, is an American technology entrepreneur and brilliant minded business magnate worth over $30.8 Billion. As the CEO of Amazon.com, Jeff has played a pivotal role in the growth and development of the company. It is very difficult to narrate the story of a giant like Amazon, but Brad Stone has given a fantastic account in his book, *The Everything Store: Jeff Bezos and the Age of Amazon*.

Preston and Stig’s General Thoughts on the Book
If you’re the type of person who thinks high margin products/services are the road to quick growth in your business, this book will quickly change your mind. From a business sense, I thought Brad Stone really got to the essence of Jeff Bezos’s success – *It’s all about the customer*. Although many founders/CEO’s like to balance their company’s success across three competing interests; owners, employees, and customers, Bezos is a little different. He simply focuses on the later. In addition to his laser focus, we were thoroughly impressed with Bezos’s foresight and vision. The Amazon you see today is the same company Bezos saw in the 1990’s. Bezos shows the reader that long-term vision is a critical variable to any successful business owner. In general, this was a great book because it read like a biography and a business book all in one.

Preface
Jeff Bezos envisioned a company that wasn’t a mere retailer. As the founder of Amazon, he wanted to offer superior services to customers. Although Amazon had a humble beginning, operating as an online bookstore, Bezos strived to achieve his dream – a store that sold everything – *The Everything Store*. As Amazon entered other categories that included industrial supplies, music, DVDs, diapers and other products, Bezos knew that the world would recognize the company as a technological giant, instead of being tagged as a retailer.

Chapter 1: The House of Quants
Jeff Bezos was known as a brilliant strategist, even when he was working at one of the most exceptional offices on Wall Street – D.E. Shaw & Co., Bezos, a 29 year old, had managed to impress many people by his unlimited determination and intellect. After learning a great deal about the Internet, an idea of ‘The Everything Store’ began to form.

Bezos could barely contain his enthusiasm when he saw the growth of the Internet in an astonishingly short period of time. However, Bezos knew that he wouldn’t be able to operate everything at such a grand scale in the beginning. So, after making a list of various product categories he could sell, he decided to focus on books.

It was a fact that he could develop a company that could stock more books than any other publishers. Once he formed the outline, they began with Amazon – a small start up that believed to be different from other companies.
Chapter 2: The Book of Bezos
The concept of Amazon was very simple. For example, if a customer bought a book, he/she would do so through a credit card. This was advantageous for Amazon because their accounts payable were often 60 – 90 days later. An idea that had seemed impossible to others had begun to work on one motto – *get big fast*. Pretty soon, Amazon moved from its humble location, to a bigger one in Seattle. They quickly sold books to customers from all 50 states and 45 countries!

In the early years it was Amazon’s own employees that wrote most of the reviews. Bezos wanted his employees to be honest about their opinion, which from time to time naturally leads to negative reviews. A publisher called Amazon and explained that they were in the business of selling books, not discouraging book sales. Bezos saw this much differently; he replied that Amazon was in the business of helping customers make the best purchasing decisions.

As innovative ideas floated around, Bezos even met the owner of Starbucks to establish a physical presence in their market. However, the deal fell through since Starbucks expected at least 10% equity and Bezos didn’t want to part with more than 1%. Amazon had emerged as a huge competitor to many businesses and not surprisingly, they had a 900% growth in their revenues that year.

Chapter 3: Fever Dreams
Bezos continued with his quest to find various areas that could usurp competition. One of their early strategies was to provide products that were superior in quality. Once Amazon realized that they could sell other products, they began expanding quickly, making it hard for employees to keep-up. Through a carefully planned growth period, the bookstore became ‘The Everything Store’. They also introduced a new application on the site called *Similarities*. This matched the buying habits of customers and made recommendations. This groundbreaking software introduced more revenues and happier customers.

Amazon, though not really profitable, managed to raise about $1.25 billion as funds and it was known as the largest debt offering that ever took place in history, at the time. Bezos read the book “Made in America” by Sam Walton and believed that it was possible to operate like Wal-Mart, a company that was highly efficient in its operational methods. Amazon filed a patent for a process called 1-click, where customers could buy products in just one click.

Incredibly, Amazon realized the potential of eBay, another successful company. Bezos approached the management at eBay, but it didn’t work out. In 1999, Amazon made its mark when the sales increased by 95% in one year, thanks to its huge customer base that consisted of a whopping 3 million customers!

Chapter 4: Milliravi
In an era where most companies perished due to the dot-com bust, Amazon survived. It was a time where the economy was sliding into recession, but Amazon managed to sell convertible bonds that were worth $672 million to investors. Bezos committed to stopping the expansion and concentrate on managing the company. Amazon faced turbulent issues in this period, thanks to reports made by analysts. Bezos jumped into damage control and collaborated with *Toys “R” Us*, a key competitor that sold toys.

Bezos, an impeccable strategist, also studied the business models of successful companies such as Walmart and Costco. Frugality became the motto for Amazon and they began cutting costs in every possible way. Just like Walmart, Amazon stopped marketing campaigns and focused on providing products at a cheaper rate. Low prices should its own marketing strategy, and cheap prices pulled in customers instead of competitors. Obsessed with providing the best
service to customers, Bezos also decided to sell Harry Potter books at discounted prices, even when they incurred losses. This increased his customer base and was a long-term strategy to grow the business.

**Chapter 5: Rocket Boy**
Bezos is known for his incredible work ethic and his intolerance to incompetency. Known as a relentless, ruthless entrepreneur, Bezos’s attitude could be related to his childhood, when he was separated from his biological father, Ted Jorgensen, at the tender age of three. Not only Bezos, but other entrepreneurs like Steve Jobs, have also displayed an intense urge to succeed, which could stem from incidents that occurred during their childhood.

Bezos comfortably fits into the image of a leader who is fearless and is ready to take risks. Even as a kid, Bezos was incredibly determined and would quickly become lost in anything he experimented with. However, no matter how uncompassionate he seems, he learnt that kindness was an important quality when his grandfather stated that *it was harder to be kind than clever*.

As Bezos grew older, his passion for space exploration increased. In fact, Blue Origin, his company, is dedicated to space research and Bezos hasn’t let his passion die. At a time when Amazon struggled to manage its finances, Bezos continued to hire new employees for his new company, because he had a first-hand account of how persistence and patience could change the game.

**Chapter 6: Chaos Theory**
After Amazon survived the horrendous dot-com bust, it began to venture into several new categories. Bezos didn’t back-down and he placed bigger, bolder bets on the Internet - following his grand vision of a store that sold absolutely everything. However, with such a massive growth in a short amount of time, they faced collaboration issues.

In one instance, an employee suggested that more meeting were necessary to fix their disjointedness. Bezos quickly barked back that communication should be seen as a defect. Instead, leadership should be determining ways to communicate less. This would allow people to organically understand what is required and when. Consequently, Amazon devised techniques to build their software, thereby maximizing the efficiency of their fulfillment centers (warehouses).

Executives at Amazon realized that they didn’t have to quit distribution, but they only had to reinvent it. Bezos was insistent about instilling his own values in the company. He also banned PowerPoint presentations and emphasized that his employees should write narratives when presenting new ideas.

Bezos envisioned an impeccable customer service. With the lowest prices offered, they were a combination of both Walmart and Nordstrom. Amazon also began a program called ‘Prime’, a shipping option that allowed customers to receive products quickly, albeit at a higher price. Profit was not made on the subscription service, but its purpose was to ensure Amazon was the exclusive online shopping location for customers. The next year, they invented *Fulfillment*. This was a service that allowed merchants to store their products in the Amazon warehouse, and let Amazon handle the storage and shipping to customers.

**Chapter 7: A Technology Company, Not a Retailer**
Although Amazon had fought for dominance in the retail business, it was always an afterthought when compared to technological giants like Google and eBay. Bezos always insisted that Amazon wasn’t just a retailer, but in fact was an e-commerce company that paved the way for advanced technology. Through services like Mechanical Turk and

Click here to be a member of our exclusive mailing list (We send free bi-monthly book summaries for Executives).
Amazon acquired Quidzi for a whopping $540 million. Obviously, these tactics weren’t new to Bezos and he had won again, by forcing his competitor to reduce prices and ultimately sell their company.

Amazon faced another hurdle when Toys ‘R’ Us sued them in the Federal Court. Toys ‘R’ Us demanded exclusivity in the Toys section, but Amazon had also sold toys from other popular companies. Consequently, Amazon paid $51 million to settle the dispute.

Bezos constantly devoured various books that educated entrepreneurs. He also applied everything he learnt and insisted that Amazon had lesser margins, thereby attracting less attention from its competitors.

Chapter 8: Fiona
Bezos, a voracious reader, realized that the potential of the eBook market hadn’t been tapped yet. Therefore, he led his executives to work on a piece of technology that allowed customers to read eBooks on the go. At this point, Amazon began renegotiating contracts with various book publishers that resulted in better deals. Amazon introduced the kindle, which was code-named Fiona, to publishers; however publishers weren’t very impressed due to the lack of design, color, and technical problems. Bezos saw eBooks as a cannibalization of Amazon’s own book business, but he also knew where the future was going. As a result, the project was sped up after seeing what Apple had done to the music business with iTunes. Bezos would rather cannibalize his own products than let Apple, Google, or any other competitors do it. After making several changes and fixes, Amazon finally unveiled the Kindle. It was priced at $399, and it served as the perfect tool for customers who loved devouring books.

Chapter 9: Liftoff!
Amazon’s stock continued with its roller coaster ride in 2007 when it increased by about 240%, only to fall back down due to global recession. Bezos assembled a team that would constantly scan for competition. If the team would find a business that was selling a product cheaper than Amazon, Bezos would dig deeper. In one instance, a new company named Zappos was beginning to make its mark in the apparel and shoes category. To contend with Zappos, Bezos insisted on launching a new website, Endless, that dealt solely with shoes, handbags, and apparel.

With Endless’s cheap prices, free returns and overnight shipping, Zappos found it difficult to sustain and Amazon succeeded in acquiring the company for a staggering $900 million. Amazon also managed to release Kindle 2 in 2009, an improved version of Fiona (Kindle 1) that was launched in 2006.

Chapter 10: Expedient Convictions
At this point, Amazon noticed another rising company known as Quidzi, which sold products targeting mothers. With advanced technology and software, the company was able to offer free shipping to most of its customers. As a response, Amazon took a keen interest in diapers to match Quidzi’s rates, resulting in major revenue fluctuations for Quidzi.

The idea was to sell diapers at a cost lesser than Quidzi, therefore turning the competition into a war of attrition. Amazon was going to undercut the company until they couldn’t sustain their business any further. Pretty soon, Amazon acquired Quidzi for a whopping $540 million. Obviously, these tactics weren’t new to Bezos and he had won again, by forcing his competitor to reduce prices and ultimately sell their company.

Click here to be a member of our exclusive mailing list (We send free bi-monthly book summaries for Executives).
Chapter 11: The Kingdom of the Question Mark
By 2012, Amazon had its imprint in almost every category, selling industrial supplies, wine, art, apparel and a lot more. As a part of his research, Brad Stone tracked down Bezos’s biological father, Ted Jorgensen, working in his own bike shop. Shockingly, Ted was clueless about how successful his son had become. Bezos maintained his silence when he received several emails from Ted; however, Bezos later sent mail to Ted’s son to put the old man at ease.

Unperturbed by his personal issues, Bezos continued to strive towards success. Amazon is famous for its confrontational nature since Bezos believes the best ideas occur when they are banged against each other, sometimes violently. While many employees thrive in such an environment, others have succumbed to the extreme pressure. Several employees have complained that the atmosphere is too volatile, while others have reported they love the various opportunities to learn. Although some employees insist that the work conditions are terrible, Amazon had about 88,400 employees working in 2012 alone.

Chapter 12: The Future
Amazon’s future, just like its history will definitely be interesting. It is apodictic that Bezos has changed numerous business dynamics. He has ignored traditional techniques and has done the exact opposite, forcing other to adjust or get out of business.

READ REVIEWS FOR
THE EVERYTHING STORE
JEFF BEZOS AND THE AGE OF AMAZON
ON AMAZON

LISTEN TO OUR PODCAST DISCUSSION OF
THE EVERYTHING STORE
ON IPHONE OR ON ANDROID

SIGN-UP FOR OUR MAILING LIST OF
EXECUTIVE SUMMARIES
www.TheInvestorsPodcast.com/Sign-Up

Click here to be a member of our exclusive mailing list (We send free bi-monthly book summaries for Executives).