the amazon way

14 LEADERSHIP PRINCIPLES
BEHIND THE WORLD'S MOST DISRUPTIVE COMPANY

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Appendix B: Developing Your Leadership Principles

"Operate by principles that are so clearly laid out that their logic can easily be assessed, and you and others can see if you walk the talk."

Ray Dalio, Principles

The process of identifying and articulating your team's leadership principles should be a collaborative, iterative, and strategic activity. What it should not be is either rushed, delegated or outsourced. Here's my thoughts on developing your leadership principles.

Working Backwards

Start the process by motivating your team with a vision exercise. Craft a future press release dated five years out that imagines your team's successes over that time period. Before writing it, consider questions such as:

- How did your organization grow in that time frame?
- What changes occurred in the culture and organization norms?
- What do daily interactions (ie, employee experiences, meetings, decision-making) look like?
- How did you scale? Move quickly? Become agile?
- What were the greatest obstacles to overcome?
- What were the leadership principles that made these successes possible?

Remember, your future press release doesn't have to be perfect. In fact, it can't be, because it's about the future. Think of it as a living document; something you can return to as often as you'd like. Once it's drafted, imagine where gaps may exist between the ideal and the real world. In other words, assess your culture with an objective and critical eye. It's common for a culture to work significantly differently from how we say we want it to work. Now is the time for a brutal self-critique via "truth seeking". Address problems. Define clear and tangible goals.

Build Out Your Principles

Without human beings to actualize them, leadership principles are just words on a page. Each principle is just a frame on which you hang real-world scenarios. Start building a portfolio of potential scenarios and outcomes based off your vision of the future to build out these leadership principles further. Principles are foundational by definition. Here's some questions to help see this foundation from different angles and perspectives.

- Who are your customers and what value will you bring them? What problems will you solve? Get crisp on your value proposition(s). Spot the principle driving them.
- Who are your stakeholders and what should they expect of you? For example, if partners are central to your business, what should partners expect from you? What do you expect from partners?
- What are your beliefs about the future? How does this define our organization?
- Do you have a strong or central mission? How does the mission outline potential principles?
- What are the non-negotiables in your organization? For example, perhaps you have a "no brilliant jerks" rule that needs to be reflected in principles.
- What do you prize in terms of how work is done in the organization?
- How do you hold each other accountable?
- How does an employee know if they're making the right decision? Or are empowered to make a decision? Or are doing the right thing?
- What should the organization be famous for on employee review sites like Glassdoor?

Consider questions like these to add dimensions to what types of topics need to be addressed via principles. These are ideas are unshaped iron needing to be worked and reworked, tooled and retooled, finally burnished to a shine.

Brainstorm Candidate Principles

Make sure your team knows there are no "bad ideas". Nurture a free flow of concepts. Press participants to further define each principle by providing examples of what the principle looks like in practice. Ask them to lobby on behalf of the principle on why it should become "one of the few". Write paragraph-length explanations for each principle to give it more context and dimension.

Research on other companies and their principles can be done here, or perhaps before you start building your principles. Study, critique, or copy leadership principles and tenets from companies you admire. At this point, ideas and options are just be developed and looking externally for benchmarks and examples helps for this purpose.

Rationalize and Consolidate a First Draft

This needs to be done "by the decision makers", senior leadership accountable for the organization. These company leaders will not only be asked to get these principles "right", but to also be their primary champions. For leadership principles to drive an organization, its leaders must communicate them and also hold others accountable to them.

Once established, the leadership team must use the principles in a recognized, featured manner in all of their dealings together. The rest of the organization is watching closely, and true adoption must happen at the executive team level first.

In other words, make sure you totally understand and believe in these principles by contributing to their formation. Meet multiple times to draft them. Don't rush. Picture yourself writing them in pencil or to "etch them in Jell-O". Keep refining and give them the time they need to properly bake.

I hesitate to say you can have "too many" principles, but you can have "too many" principles. Rationalize the list to the essential cultural attributes that you want your company to be famous for. This is the reason why "obvious" principles don't add a lot of value. They don't differentiate your culture or strategy.

Avoid Empty Calories

The goal of having company principles is to distinguish how your culture helps you compete and win. Real principles are difference makers in your business and not a "feel good" exercise. They are not a poster. Don't make them too vague or one-size-fits-all. If your principles could be used in almost any company, if they don't create a competitive edge for you, if they are, as they say, "apple pie and motherhood," then they are empty calories.

Of course, "being ethical" is non-negotiable. Of course, "treat others with respect" is expected. But in both cases, do they help you compete and identify the right people for your organization? Are they difference makers?

"Take a look at this list of corporate values: Communication. Respect. Integrity. Excellence. They sound pretty good, don't they? Maybe they even resemble your own company's values. If so, you should be nervous," writes Patrick Lencioni in his HBR article "Make Your Principles Mean Something". "These are the corporate values of Enron, as claimed in its 2000 annual report. And they're absolutely meaningless. Indeed, most values statements, says the author, are bland, toothless, or just plain dishonest. And far from being harmless, as some executives assume, they're often highly destructive. Empty values statements create cynical and dispirited employees and undermine managerial credibility."[1]

Like junk food, these principles are actually worse than nothing. Live long enough on nothing but junk food and empty calories, and the food actually becomes the disease.

Build Mechanisms

How does one "practice" or manifest a principle? In many cases, your organization likely has ways that demonstrate the principle. At times, you may need to incorporate new practices to bring the principle to life. But if you can't identify a set of recognizable techniques for a principle, then it will be harder to train, recognize and put into practice. Here's an example:

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[1] https://www.researchgate.net/publication/11240883_Make_your_values_mean_something

1. Principle. "We will be data driven in our operations".
2. Mechanism. Every process or service that could impact the customer experience has to have a "high bar" SLA (service level mechanism) which is calculated on a daily basis. If the SLA fails, the team has to complete a "correction of error" to drive root cause analysis and improvement.

Adding mechanisms to each principle allows you to flesh it out from mere concept to a defined approach.

Draft Your Principles and Communicate

It's time to draft your principles, announce and communicate them. Set the expectation that you are going to live with them for a while at first. Adjustments will be considered in the future. Like public policy or laws, adjustments will be diligently performed with due process – not just because someone is uncomfortable or upset. If you've done your hard work getting to this point, your belief and conviction behind this set for your organization should be extremely high and explainable.

Consistent communication is the key. Every senior person needs the talk-track. If one of your senior people is reluctant, pessimistic, or passive-aggressive, you have a real problem on your hands. Everyone will sense the toxicity and it may give others the impression they can opt out of the initiative. My recommendation is to fire at least one. Let the organization know why they were fired. This sets the tone that these principles are real.

Team Tenets Can Do the Trick

Many teams at Amazon have a set of tenets. These are principles and goals specialized for that team in support of their mission. If your organization has principles, but you want to sharpen them up for your team, think of team tenets. Or if you're a team leader and can't tackle the entire enterprise, "team tenets" can be a way to lift your team to a higher level of performance.   The process is the same, we've just scaled the application down a bit.

The Amazon human resource team has published their tenets. They have many of the same traits of Amazon's LPs – clarity, definition, ability to act and judge against them. They are just tailored for the mission of this team instead of the entire organization:

AMAZON'S HR TENETS:
WE BUILD A WORKPLACE FOR AMAZONIANS TO INVENT ON BEHALF OF CUSTOMERS.

Employees come to Amazon to do meaningful work, and we make that easier by removing barriers, fixing defects, and enabling self-service. Applying to, working at, and leaving Amazon should be frustration-free experiences.

We seek to be the most scientific HR organization in the world. We form hypotheses about the best talent acquisition, talent retention, and talent development techniques and then set out to prove or disprove them with experiments and careful data collection.

As we develop new programs and services, we work backward from the employee and candidate, understanding our work has a direct impact on customers. We prioritize work that results in measurable impact for our customers.

We acknowledge that no process or policy can be so well designed as to properly cover every situation. When common sense is at odds with one of our policies or practices, we make high-judgment exceptions.

We seek to be the most technically proficient HR organization in the world. Our team includes dedicated engineers, computer scientists, and principals who develop world-class, easy, and intuitive products for candidates and employees.

We manage HR as a business, and we must scale faster through technology and simplified processes rather than through HR headcount growth. We rigorously audit ourselves to disrupt and reinvent HR industry standards.

We favor straightforward, two-way communications. When we talk about our work, we use plain language and specific examples over generalizations and corporate-speak.[2]

A Warning About Culture

Like most things in life, culture is what you and your team do naturally, not just what is said. A culture is based on articulated, accepted and practiced principles. If you don't personally adhere to a principle-based culture, everyone including leadership will be observed in that context and held accountable.

For example, I was part of a team that claimed to have a "no-asshole policy," but that policy was completely overlooked. The "brilliant jerks" among us weren't just tolerated, they were promoted, especially if they were the key to large revenue gains. But that was then and this is now. One key reason why Amazon's leadership principles make an incredible difference is that leaders like Jeff Bezos, Andy Jassy and Jeff Wilke are the defenders of these principles. They won't apologize for them. They ensure they are used and hold themselves to these principles.

Are you ready to get started?

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[2] https://www.gallup.com/workplace/231635/maintaining-culture-builders-innovators-amazon.aspx