

Elements of Amazon's Day 1 Culture



The importance of a Day 1 mentality

In every Annual Report, the copy of Jeff Bezos' original [1997 Letter to Shareholders](#) is included. In that 1997 letter, Bezos outlines the fundamental measures of Amazon's potential success—relentlessly focusing on customers, creating long-term value over short-term corporate profit, and making many bold bets. “This is Day 1 for the Internet,” Bezos wrote, “and, if we execute well, for Amazon.com.”

Those principles—maintaining a long-term focus, obsessing over customers and their needs, and boldly innovating to meet those needs—have remained consistent for over two decades, and lie at the heart of what is known at Amazon as a “Day 1” mentality.

Day 1 is both a culture and an operating model that puts the customer at the center of everything Amazon does. We strive to deeply understand customers and work backwards from their pain points to rapidly develop innovations that create meaningful solutions in their lives. Day 1 is about being constantly curious, nimble, and experimental. It means being brave enough to fail if it means that by applying lessons learnt, we can better surprise and delight customers in the future.

The Day 1 mentality has fueled Amazon's innovation and success. In this ebook we'll show you how we've put it into practice, and how you can apply it to your business.



Why we never want it to be Day 2

What is a “Day 2” mentality? As a company grows over time, it needs to adjust its approach to effectively manage the organization as it scales. The danger is that as this happens, decision making can slow down, and the company can become less agile, moving further and further away from the customer as it rotates focus towards internal challenges rather than external [customer-centric innovation](#).

This doesn’t happen overnight; it can creep in gradually, and manifest in small ways which on their own are not immediately alarming, or even readily apparent. If left unchecked, a Day 2 mentality can manifest.

When asked “What does Day 2 look like?” Bezos, in his [2016 Shareholder Letter](#), answered: “Day 2 is stasis. Followed by irrelevance. Followed by excruciating, painful decline. Followed by death. And that is why it is always Day 1.”



To avoid Day 2 culture, a company must be hyper-vigilant, remained focused on its customers, and stave off practices that hamper its ability to rapidly innovate.

While we do not believe Amazon's approach is the only or best one, many of our customers ask us to share the lessons we've learned as we've grown, as well as some of the mechanisms we employ to ensure that it's always Day 1 at Amazon.

Day 1 mentality



Focused on customers



High-quality, high-velocity decisions



Experiments to incubate new capabilities



Embraces failures



Nimble organizational structures



Small teams that own what they create



Prioritizes long-term, sustained value

Day 2 mentality



Focused on internal challenges



Bureaucratic, consensus-based decisions



Invests in entrenched capabilities



Fears failures



Deeply layered organizational structures



Large teams with many dependencies



Prioritizes immediate, short-term value



Obsess over customers

There are many aspects of maintaining an agile, Day 1 mentality. For Amazon, the most important one—the bedrock upon which Amazon’s culture rests—is customer obsession.

Amazon has 16 [Leadership Principles](#) that we use to guide our actions and the decisions we make every day. While there is no official order or hierarchy to them, it is also no coincidence that the first Leadership Principle is Customer Obsession.

“Leaders start with the customer and work backwards,” it states. “They work vigorously to earn and keep customer trust. Although leaders pay attention to competitors, they obsess over customers.”

We start with the customer and work backwards from their needs. By digging into their experiences and frustrations and deeply understanding the context behind them, we avoid inventing in isolation, or producing a solution in search of a customer.

“One thing I love about customers is that they are divinely discontent,” Bezos wrote in his [2017 Letter to Shareholders](#). “Yesterday’s ‘wow’ quickly becomes today’s ‘ordinary.’ ” Customers can provide endless ideas and inspiration to innovate, and their needs and desires will drive you to invent on their behalf.

As an example, at AWS, around 90% of the features developed come directly from hearing about what our customers need. The other 10% comes from being close enough to customers that we can invent on their behalf when they don't, or can't, articulate those needs.

This relentless customer obsession has been a central part of Amazon's approach since the company's literal Day 1. In fact, one of the early names Bezos considered for the company was [Relentless.com](https://www.amazon.com/relentless).

By maintaining a customer-obsessed culture and working backwards from your customers' needs, your innovations are better set up for success right from the start. Being inspired by your customer's needs also opens yourself up to innovate in many more areas than you may have otherwise. Your innovations are not constrained by how you can accomplish them in your current environment, but rather by how big they can be and how much they can delight your customers.



We are internally driven to improve our services, adding benefits and features, before we have to. We lower prices and increase value for customers before we have to. We invent before we have to."

Jeff Bezos
2012 Shareholder Letter



Make high-quality, high-velocity decisions

A critical aspect of maintaining a Day 1 culture is how a company approaches decision making as it grows. All companies strive to make high-quality decisions. But you also need to be able to make those decisions quickly and at scale.

It's much easier in a dynamic start-up environment—there are fewer layers of communication and corporate hierarchy to navigate. But as a company experiences growth, they also tend to become more complex. Elements of Day 2 culture may start seeping in: more layered organizational structures, multiple chains of approval, the need to gain consensus (or just as dangerous, compromise that makes innovations less impactful), or even the need for leaders to play a role in every decision that's made. All of which grinds decision-making to a halt.

At Amazon, we have a few mechanisms that help us apply good judgment and ensure we make high-quality, high-velocity decisions. The first is two-pizza teams.

Two-pizza teams

The concept of “[two-pizza teams](#)” means that the team is small enough to be fed with two pizzas. Keeping teams small also empowers them with the autonomy and speed they need to act as owners for their product and its customers. In practice, these are small, decentralized teams of 10 or less people with a single-threaded focus on a single service, and on the customers who use it.

This structure minimizes the need for matrixed communication or unnecessary bureaucracy,

enabling rapid decision making by the people who are closest to their customers’ needs.

Two-pizza teams foster ownership and autonomy, as they own the end-to-end experience and have the right resources embedded in them to develop, test, iterate, and scale on behalf of their customers rapidly—and with less dependencies.

This single-threaded ownership pushes decision-making down to the team-level, while also

promoting accountability, as two-pizza teams have a crystal-clear charter and oversight over the right set of metrics and KPIs that make the most impact for their customers.

Without the need to maintain complex systems or to solve problems across multiple lines of business, two-pizza teams can dedicate more time and energy on rapidly testing, experimenting, and innovating on behalf of their own customers.

The benefits of two-pizza teams

- 1 Minimized bureaucracy and maximized time to focus on innovating for customers, raising employee satisfaction.
- 2 Mitigates the Ringelmann Effect: the tendency for individual productivity to decrease in larger groups.
- 3 Teams run fast, experiment early and frequently, and apply learnings rapidly to constantly drive value to their customers.
- 4 Lowers the costs of failure. Learnings come quicker and at lower stakes than they may have otherwise at later stages of development or in a larger organizational structure.

One- and two-way doors

Another tool we use at Amazon to assist in making high-quality, high-velocity decisions is a mental model we call one-way and two-way doors. A one-way door decision is one that has significant and often irrevocable consequences—building a fulfillment or data center is an example of a decision that requires a lot of capital expenditure, planning, resources, and thus requires deep and careful analysis.

A two-way door decision, on the other hand, is one that has limited and reversible consequences: A/B testing a feature on a site detail page or a mobile app is a basic but elegant example of a reversible decision.

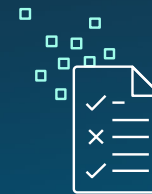
When you step back and look at the decisions you make, you may find that the most of them are two-way door decisions. When we see a two-way door decision, and have enough evidence and reason to believe it could provide a benefit for customers, we simply walk through it.

You want to encourage your leaders and employees to act with only about 70% of the data they wish they had—waiting for 90% or more means you are likely moving too slow. And with the ability to easily reverse two-way door decisions, you lower the cost of failure and are able to learn valuable lessons that you can apply in your next innovation.

Keys to decision-making at speed



Recognize two-way doors. While some decisions are one-way doors, others are two-way doors, meaning they are reversible, and you can correct mistakes quickly.



Don't wait for all the data. If you wait until you know everything, you are probably being too slow. Most decisions only need about 70% of the information you wish you had.



Disagree and commit. People can disagree, but once a decision is made, everyone must commit to it. This saves time versus trying to convince each other.



Embrace external trends and resist proxies

We live in a world of constant, unabated change driven by rapid technological innovation, shifting regulation and governance demands, and even unplanned external upheavals like COVID-19 or economic downturns. It is more crucial than ever that companies resist simply falling back on their safe and known competencies at the expense of meeting changing customer needs.

A company prone to Day 2 thinking may find itself more internally-focused on maximizing current margins and profitability instead of paying attention to current trends and boldly innovating on behalf of new or underserved customers. A company with a Day 1 mentality will insist upon constant iteration and experimentation. They

will foster curiosity. They will embrace, explore, and be inspired by external trends all around them. And they will empower their leaders and employees to take risks, being permissive of failure as an inevitable consequence of innovation.

This is not easy. It requires executives to bravely set the example from the top, creating the right culture and environment to nurture experimentation and be accepting of failure. As Bezos wrote in his [2016 Letter to Shareholders](#), "Staying in Day 1 requires you to experiment patiently, accept failures, plant seeds, protect saplings, and double down when you see customer delight."

It also requires you to stay close to the customer, and not let process get in the way of delivering customer-focused outcomes. In companies that have experienced growth, the tendency is to build processes to help manage a business at scale and beyond line of sight. While good processes can be highly efficient and effective, companies need to be heedful of the Day 2 tendency of optimizing the process rather than ensuring it is still driving the right results for customers.

An illustration comes from the use of aggregate data. Reporting may show steady average growth across a large business, but the very aggregate nature of the data may mask underlying trends and drivers that affect a meaningful number of customers.

For example, a customer anecdote in the form of feedback or a use case arising in a trouble ticket may seem like an outlier given its opposition to what the data shows. In these cases, it pays to dive deep into those outliers and anecdotes, and ensure that employees are escalating issues quickly and root causes are corrected before they impact your customers at scale.



If you're not watchful, the process can become the thing... You stop looking at outcomes and just make sure you're doing the process right. The process is not the thing. It's always worth asking, do we own the process or does the process own us? In a Day 2 company, you might find it's the second."

Jeff Bezos
2016 Shareholder Letter

How to ensure that it's always Day 1

As Bezos wrote in his 2016 Letter to Shareholders, “So, have you settled only for decision quality, or are you mindful of decision velocity too? Are the world’s trends tailwinds for you? Are you falling prey to proxies, or do they serve you? And most important of all, are you delighting customers? We can have the scope and capabilities of a large company and the spirit and heart of a small one. But we have to choose it.”

It is not easy for a company to experience growth and stay innovative. The very nature of growth and operating a business at scale breeds additional complexity, and with it, a natural tendency to slow down. It is critical for the business to adapt quickly to rapidly changing external environments

and to the ever-evolving needs of their customers by innovating on their behalf.

So how can you ensure that it's always Day 1 in your business?

By retaining a Day 1 culture—one that is customer-obsessed, that enables high-quality *and* high-velocity decision-making, and that empowers employees and leaders alike to stay curious, be experimental, and permit failure and the learning that comes with it as a competitive advantage rather than a risk to avoid at all costs—a company is better able to leverage its growth rather than be slowed down by it. And is better suited to lead innovation at the forefront.

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Dan Slater oversees Culture of Innovation as a part of AWS's Digital Innovation team. Dan joined Amazon in 2006 to launch the company's first direct-to-customer digital content offerings. He helped launch the Kindle device and Kindle's global content marketplaces, as well as Amazon's self-publishing service, Kindle Direct Publishing (KDP). After overseeing the digital business of the top 60 trade publishers, Dan led content acquisition, demand generation, and vendor relations for KDP. Prior to Amazon, Dan was a Senior Acquisitions Editor at Simon & Schuster and Penguin, and led sales for a publishing IT firm (Vista, now Ingenta). Born in Toronto, Canada, Dan lives in Seattle with his wife and two children. He earned his MBA from the Fuqua School of Business, Duke University, and completed a dual Bachelor of Arts degree at Cornell University.

About AWS

For over 15 years, Amazon Web Services has been the world's most comprehensive and broadly adopted cloud offering. Today, we serve millions of customers, from the fastest-growing startups to the largest enterprises, across a myriad of industries in practically every corner of the globe. We've had the opportunity to help these customers grow their businesses through digital transformation efforts enabled by the cloud. In doing so, we have worked closely with the C-suite, providing a unique vantage point to see the diverse ways executives approach digital transformation—the distinct thought processes across C-suite roles, their attitudes and priorities, obstacles to progress, and best practices that have resulted in the most success.