



A Prime Investment

This week, Amazon shares traded near their all-time high at around \$185 per share. Spending time in the United States, it is apparent how pervasive Amazon is. One notices "Prime" boxes on doorsteps, and huge trucks emblazoned with the iconic "Smile" logo are ubiquitous.

Amazon Founder, Jeff Bezos, imparted a lot of wisdom in his annual shareholders' letters. Many analysts have studied and summarized these, seeking out pearls of wisdom. For business owners and operators, they can serve as a very useful guide.

Some of the points that he reiterated are noteworthy:

1) Speed of Execution - He believed in making decisions and executing them swiftly, even if some mistakes were made along the way. As he developed the business, he focused on improving operational efficiencies by constantly improving systems.

2) Types of Decisions - He categorized decisions as either reversible or irreversible. Since most decisions fall into the latter camp, they should be made quickly and executed upon.

3) Long-Term Thinking - Bezos prioritized long-term thinking over short term results, understanding that this leads to better decisions. As an example, profitability was initially delayed as he focused on re-investing into the company.

4) Focus on Customers - Bezos instilled "Customer Obsession" as central to the company's philosophy. He encouraged innovating to exceed customer expectations.

5) Focus on Growth and Expansion - From the outset, growth and expansion were key attributes. Many analysts initially dismissed the company as merely an online bookstore, but it soon expanded into the "Everything Store". Management then leveraged their learnings to expand into what is now the largest profit generator and cloud computing business, Amazon Web Services (AWS).

In conclusion, Bezos instilled a range of sound business practices that took Amazon from zero value in 1994 to nearly \$2 trillion today, benefitting both consumers and investors. As investors, we should seek these traits in identifying other successful businesses.



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