

Organizational Innovation-Amazon

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Amazon

There are many companies that have excelled in the realm of innovation over the years. What sets these companies apart is their ability to overcome obstacles, and meet the needs of their consumers in a new and innovative way. One of the most well known innovative companies in the present day is Amazon. Virtually every person in America has heard of, if not purchased from, Amazon. Every drive you take you can almost guarantee you will see an Amazon delivery truck in every neighborhood. Between the wide selection and two-day shipping, ordering from Amazon seems to be a no brainer. With all of the competition out there now, how is Amazon staying so successful? The answer this question is Amazon's ability to remain innovative.

The Culture of Amazon

Amazon seems to have a pretty good track record with employees. Many people who work for Amazon really like the work they do, and enjoy being part of a successful team. Amazon is unique in that it takes a different approach to innovation than some other companies do. Amazon structures itself into pods, meaning that there are different groups that are responsible for completing projects. These teams work together to see projects through from start to finish. This type of structures helps employees to not feel micromanaged, and in turn they feel they can innovate more freely. This type of innovation is known as HR innovation (2017). This style of teamwork shows the company's trust in its employees, and this trust helps employees to succeed.

Innovation

What drives Amazon to be so innovative and how does it accomplish this? According to the article, *How Does Amazon Do It? Five Critical Factors That Explain Amazon's Incredible Success*, there are five factors that drive Amazon's success; innovation from the top, makes ideas assets, it's ability to experiment and fail, data driven and customer led innovation, and risk-

taking culture (Tucker, 2018). Amazon's innovation starts from the top and goes down. The CEO of Amazon spend he bulk of his time on finding ways to be more innovative, as well as creating a picture of what the company will look like 10 years down the road. Amazon also considers the ideas of its employees as major assets. According to Amazon, ideas are gold, and are critical to the growth of the company (Tucker, 2018). They place a very high priority on their employees being able to freely brainstorm new ideas and products. Amazon is not afraid to move quickly on new products or ideas, and even more importantly they are not afraid to fail. Being unafraid of failure is extremely important to a companies growth because it allows them to step outside the box and move beyond the status quo. One of the best practices that Amazon has is that is leads through customer innovation. Understanding the environment is critical to a companies success. Amazon look closely at what consumers want and lets the data drive their decisions and direction. Lastly, Amazon isn't afraid to take risks, and isn't afraid to fail. "At Amazon, a high potential idea must meet three criteria: it must be original and not 'me too.' It must be scalable. And it must have the potential to produce a significant return on capital" (Tucker, 2018). Amazon is really good at connecting to its consumers by fully understanding the environment it is marketing itself too.

The Connection to the Environment

It is crucial that companies take the time connect to the environment they are servicing, and the people they are marketing towards. A great way to make sure that a company is connecting to the environment is through the PEST model. PEST looks at political, economic, sociocultural and technological factors (O'Sullivan et. al., 2009, p. 81). If a company does not consider these factors in their product development and marketing strategies, then they will ultimately find themselves to be less successful than if they had. PEST helps organizations to

stay on track, and to make sure they are considering all of the environmental factors around them before moving forward.

Defining Objectives and Measuring Results

A company can have all of the best products or ideas in the world, but if they fail to see them through till the end, through every step, they end up being pointless. “Innovation is a muscle that gets built up over the long haul. It takes a lot of work before you start to see even the slightest results. Unfortunately, at many companies, innovation is like a treadmill purchases in January: it represents an idealized future vision that is abandoned all too quickly” (Kirsner, 2019). This analogy represents the need for defining objectives and measuring results perfectly. It is important for a company to figure out what its objectives are, what its long term goal is, and how they can reach it. SWOT is used as an analysis of the organization as a whole and it looks at different factors of the organization; strengths, weaknesses, opportunities, and threats (O’Sullivan et. al., 2009, p. 85).

Amazon has many strengths overall as a company. They have a large following, strong teams, large online business, and they do a fantastic job as bringing their customers the ultimate level of convince. A weakness that Amazon faces in some areas is lack of quality. Amazon is a massive operation, and with any massive operation, quality can sometimes suffer as they work to pump out product quickly. To make up for issues with quality from time to time, Amazon has a great customer service department.

Amazon has the opportunity to continue to grow and thrive as long as they work hard to remain at the top of their game, and pay close attention to what consumers are searching for. As more and more companies enter into the online world of marketing and selling, this can pose a threat to Amazon as it has the potential to not be the only one offering this type of service

anymore. In order to continue to be successful, Amazon need to keep monitoring their teams each step of the way to make sure they are meeting, if not surpassing, their company goals and objectives. One way that Amazon sets objectives and measure them is through their testing process. Amazon takes their new products or initiatives and tests them in a small town/scale setting, before they move them into the public eye. This is a great example of how they set objectives and monitor them in order to make changes to reach their desired goals (Tucker, 2018).

The Leaders's Role in Innovation

If a company desires to be successful, this success mindset needs to start from the top and extend down. If leaders do not buy into the ideas/products, then why would their employees? When trying to be innovative a leader must address business needs, make a strategy, create a framework, identity a technological plan, create a roll out strategy, and evaluate technology measures (Arbaugh, 2004). A leaders main role is to inspire innovation, and to see it through.

In Conclusion

Amazon is one of the most innovative companies we have seen in modern history. Amazon's leadership, innovation, and ability to connect to consumers, has made it the extremely successful company that it is today. Amazon has figured out how to connect to consumers in a way that most companies do not, as well as keep their profit margin quite large.

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