

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

**Excerpts from the Milestone Celebration Event featuring Jeff Bezos,
CEO and Founder, Amazon**

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“If you look at the financial success of Amazon and the stock, I own 16 percent of Amazon. Amazon is worth roughly a trillion dollars. That means that what we have built over 20 years, we have built \$840 billion of wealth for other people. And that’s really what we – that’s, from a financial point of view, that’s what we’ve done, we’ve built \$840 billion of wealth for other people. And that’s great, that’s how it should be. I believe so powerfully in the ability of entrepreneurial capitalism and free markets to solve so many of the world’s problems – not all of them, but so many of them.”

“I’m very interested in early education... *[I am starting a]* full-tuition preschool... I’m very excited about that because I’m going to operate that. That’s going to be an operating nonprofit. I’m going to hire an executive team. ... We’re going to operate these schools and we’re going to put them in low-income neighborhoods... We know for a fact that if a kid falls behind, it’s really, really hard to catch up. And if you can give somebody a leg up when they’re two, three, or four years old, by the time they get to kindergarten or first grade, they’re much less likely to fall behind. It can still happen, but you’ve really improved their odds.... That head start compounds fantastically. And if you can get that starting at age two, three, four, there’s a powerful compounding effect there.”

“All of my best decisions in business and in life have been made with heart, intuition, guts, not analysis. When you can make a decision with analysis, you should do so, but it turns out in life that your most important decisions are always made with instinct, intuition, taste, heart. That’s what we’ll do with this Day One Foundation, too. It’s part of that day-one mentality.”

“The secret sauce of Amazon, the number-one thing that has made us successful by far, is obsessive-compulsive focus on the customer as opposed to obsession over the competitor.... *[It]* is a huge advantage to any company if you can stay focused on your customer instead of your competitor. So, then you have to identify, who is your customer? At The Washington Post, for example, is the customer the people who buy advertisements from us? No, the customer is the reader, full stop... And in the school, who are the customers? Is it the parents? Is it the teachers? No, it is the child. And that’s what we’re going to do *[with the Day One Foundation]*, we’re going to be obsessively compulsively focused on the child. We’re going to be scientific when we can be. And we’re going to use heart and intuition when we need to.”

“We will announce a decision *[on the location of Amazon’s HQ2]* before the end of this year. So, we’ve made tremendous progress. The team is working their butts off on it. And we will get there.”

“It is a mistake for any elected official, in my opinion – I don’t think this is a very out-there opinion – to attack media and journalists. I believe that it is an essential component of our democracy. There has never been an elected official who liked their headlines. I think there’s probably no public figure who has ever liked their headlines. It’s OK. It’s part of the process.... *[If]* you’re the president of the United States or a governor of a state or whatever, you don’t take that job thinking you’re not going to get scrutinized. You’re going to get scrutinized and it’s healthy... It’s really dangerous to demonize the media. It’s dangerous to call the media lowlives. It’s dangerous to say that they’re the enemy of the people. We live

in a society where it's not just the laws of the land that protect us. We do have freedom of the press, it's in the Constitution. But it's also the social norms that protect us. It works because we believe those words on that piece of paper. And every time you attack that, you're eroding a little bit around the edges."

"[In 1994], nobody has heard of the internet... It was used at that time mostly by scientists and physicists... And I came across the fact that the World Wide Web, was growing at something, like, 2,300 percent a year. And anything growing that fast, even if its baseline usage today is tiny, it's growing so fast, it's going to be big. I looked at that and I [thought], I should come up with a business idea on the internet and then let the internet grow around this and keep working on it. I made a list of products that I might sell online, and I started force-ranking them. I picked books because books are super-unusual in one respect, which is that there are more book items in the book category than there are items in any other category. There are 3 million different books active and in print around the world at any given time. [The] founding idea of Amazon was to build universal selection of books. The biggest bookstores only had 150,000 titles. And so that's what I did. I hired a small team and we built the software. I moved to Seattle."

"After books, [Amazon] started selling music and then we started selling videos. And then I got smart. I emailed a thousand randomly selected customers and asked them, besides the things we sell today, what would you like to see us sell? And that answer came back incredibly long-tailed. The way they answered the question was with whatever they were looking for at that moment... I thought to myself we can sell anything this way. So, then we launched electronics and toys and many other categories over time."

"At the peak of the internet bubble, our stock peaked somewhere around \$113. And then after the internet bubble busted open, our stock went down to \$6... in less than a year... That whole period is very interesting because the stock is not the company and the company is not the stock. As I watched the stock fall... I was also watching all of our internal business metrics: number of customers, profit per unit, everything you can imagine, defects, et cetera. Every single thing about the business was getting better and fast. As the stock price was going the wrong way, everything inside the company was going the right way. We didn't need to go back to the capital markets, we didn't need more money. The only reason a financial bust like the internet bubble bursting is, it makes it really hard to raise money, but we already had the money we needed. So, we just needed to continue to progress."

"I like to putter in the morning, so I like to read the newspaper, I like to have coffee, I like to have breakfast with my kids before they go to school... [That's] why I set my first meeting for 10:00 a.m. I like to do my high-I.Q. meetings before lunch... Because by 5 p.m., I'm like I can't think about that today, let's try this again tomorrow at 10 a.m."

"For me, I need eight hours of sleep. I think better, I have more energy, my mood is better, all these things. Think about it. As a senior executive, what do you really get paid to do? As a senior executive, you get paid to make a small number of high-quality decisions. Your job is not to make thousands of

decisions every day. Let's say that I slept six hours a day or let's go really crazy and say I slept four hours a day. So now I just got four so-called productive hours back. If I was going to have 12 hours of productive time during any waking day, now all of a sudden, I have 12 plus four, I have 16 productive hours. So, I have 33 percent more time to make decisions. If I was going to make a hundred decisions, now I can make 133 decisions. Is that really worth it if the quality of those decisions might be lower because you're tired or grouchy or any number of things?"

"At AWS, we completely reinvented the way that companies buy computation... What we saw at Amazon is we were building data centers for ourselves... And then a business miracle happened... We faced no likeminded competition for seven years. It's unbelievable. I'll give you [*an example.*] When I launched Amazon.com in 1995, Barnes & Noble launched Barnesandnoble.com in 1997, two years. That's very typical if you invent something new. We launched Kindle; Barnes & Noble launched Nook two years later. We launched Echo; Google launched Google Home two years later. When you pioneer, if you're lucky, you get a two-year head start. Nobody gets a seven-year head start [*like we did with Amazon Web Services*]. I think that the big, established enterprise software companies did not see Amazon as a credible enterprise software company. We had this long runway to build this incredible, feature-rich [*product*], and it's just so far ahead of all the other products and services available to do this work today."

"[*My work at Blue Origin*] is the most important work I'm doing, and I have great conviction about that. It's a simple argument. This is the best planet. We have now sent robotic probes to every planet in this solar system. Believe me, this is the good one. My friends who say they want to move to Mars, I say, look, do me a favor, move to the top of Mt. Everest for a year first because that's a garden paradise compared to Mars."

