

INTERVIEW

How to innovate, Amazon-style

Amazon's innovation boss Paul Misener tells **Grace Bowden** about the tricks behind its entrepreneurial culture, from encouraging a start-up mentality to relentless idea creation

Asked to pick his favourite innovation at the retail giant, Amazon's innovation boss Paul Misener replies: "I really can't choose just one."

Misener has been with the business for more than 17 years and has overseen and been directly involved in many of its defining moments. He rattles off a list of contenders for his 'top breakthrough at Amazon to date' with a level of nonchalance that would fill many of the retailer's rivals with envy.

"There's our marketplace, Amazon Web Services, Prime – which started life as a quick delivery service and has expanded to a whole host of other benefits – the Echo device and the technology behind it; it's hard to pick out a single one," he ponders.

There must have been one that stands out above the rest, surely? "If anything, the biggest achievement is the culture we've developed that fosters that pace of innovation and makes it repetitive," he says.

"It's not surprise or serendipity that's driven our consistent innovation, which is different from a lot of enterprises, which have one genius idea or stroke of luck and then rest on that rather than pressing forward."

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Innovation-friendly

Misener creates a corporate culture that fosters innovative ideas and makes them a reality across Amazon's myriad divisions and several hundred thousand employees.

He has been the retail giant's vice-president of global innovation policy and communications since last May, when the role was created. "Everyone at Amazon is encouraged to be an inventor, it's not as if it's localised in one individual or team," he says.

"My role is to focus on the actual processes by which we encourage innovation in the company and talk about them frankly."

So what are some practical ways that retailers can shake up their company culture to emulate Amazon's success? One quick fix lies in pizza – or two pizzas, to be precise.

Misener explains that any time Amazon employees are working on creating something new or fixing a problem, the team involved must be of a size that they could be comfortably fed by two extra-large pizzas.

"It gives a range of the amount of people you really need to tackle an issue or execute a new idea – it's okay to get people with different expertise to chime in, but there's a diminishing return after a certain point," he says.

Misener believes this technique, which is deployed throughout Amazon's various divisions, "really gives a start-up mentality to a much bigger enterprise".

He also highlights the power of the press release to help a team of innovators home in on what they are creating and who will benefit from it. At the start of every new project Amazon has undertaken – whether the



Paul Misener, Amazon

till-free Go store in Seattle or Dash buttons – a member of the team has started by writing the press release that the retailer will circulate once the product has been finished.

The benefits are two-fold, Misener explains. First, it holds Amazon to a standard about the scale of its ambitions. "Once you have a release you wrote, sometimes as long as five years ago, explaining what a product is going to be, it forbids you from coming up against something difficult and subsequently diluting what you said you'd deliver," he says.

As well as holding the retailer's feet to the fire to deliver a product that is genuinely innovative, it focuses the team involved.

"A press release that will be released in the future makes you acknowledge what you are going to do is impossible today. It's a process that obliges you to invent things, rather than rely on what you already have," says Misener.

Pizzas and press releases aside however, Misener acknowledges that Amazon has had its fair share of flops. He describes the early iterations of the retailer's marketplace, which started as an online auction platform before briefly becoming a separate website section, as a "massive failure".





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Paul Misener, Amazon

"The concept, despite what investors and pundits thought, was a good one. But the implementation was pretty bad," says Misener.

The concept eventually became Amazon Marketplace, through which the retailer sells products from third-party suppliers and helps create a livelihood for 74,000 people who trade via the platform in the UK alone.

"A big component of our success is our acceptance of failure," says Misener. "We recognise that to innovate requires experimentation, which has to involve the possibility of failing or it's not an experiment at all."

It is easy to list Amazon's successes, whether it is its Prime membership scheme, unrivalled logistics and delivery service or its

overall dominance in online retail. But it is also worth remembering just how many of its initiatives are still in the 'wait and see' phase.

The drone delivery service that Misener is currently working on and its forays into bricks-and-mortar both in the grocery and entertainment markets are a few examples of projects that are very much in development, rather than being rolled out.

Ideas that stick

So how does Amazon decide what sectors are ripe for disruption and what it can bring to the party?

"We're not blindly throwing things out there and just hoping they'll succeed, but it's really up to the customer to decide what is a fad and what has real value to them," explains Misener.

The innovation boss travels across the 13 countries that Amazon operates in on a regular basis to ensure that it is serving its customers around the world effectively – but he stresses that what shoppers want remains largely the same.

"They're far more similar than different. They like more convenience, lower costs and greater selection," says Misener.

"These things don't change and if we can figure out another way to offer one of them, we assume customers will respond."

For many businesses in retail and beyond, Amazon is the ultimate disruptor.

Although Misener acknowledges that it's a "popular term", he doesn't set too much stock by it.

"It is a great compliment but the business itself doesn't decide what is or isn't disruptive, the customers do," he says.

In terms of maintaining a company culture that continues to experiment and deliver ideas that capture shoppers' imaginations, Misener also downplays Amazon's dominance.

"My role is to continue two decades' worth of wisdom in innovation by thousands of our employees, but there's no secret sauce and it's not as if we're the only people who can do things this way," he says.

They may have ended up with artificial-intelligence-powered assistants and one-hour deliveries, but as far as Misener is concerned, the best things that Amazon has created to date started out with a takeaway pizza order, a blank sheet of paper and half a dozen people working together.

Whether the next big innovation to rock the sector comes from the online powerhouse, a high street stalwart or a start-up that no-one has heard of yet, it is encouraging to know the most futuristic ideas can have the most humble beginnings. **RW**

Paul Misener will speak at Tech. – guarantee your place by visiting Tech.Retail-Week.com