Team 4 Executive Summary

In the last few decades, Amazon has gone from being a startup company created in a garage, to becoming one of the largest and most powerful companies in the world, with a market value of $702 billion. The purpose of this report was to analyze Amazon's organizational and management practices, to better understand how and why Amazon has become so successful. The team then used this knowledge to provide recommendations which other corporations can adopt to become more successful.

The team first performed targeted research based on the topics presented each week in the Organizational Design course modules. The team found that Amazon is a complex, unstable company, which spends a lot of time ensuring that they understand the customer, and can cater products and processes to their needs. They do this through the use of efficient internal processes, and encouragement of internal innovation. This enables Amazon to provide their customers with lower cost products, as it reduces costs throughout the company.

Moreover, the functional organizational structure used at Amazon allows for control of global e-commerce operations, including the ability to manage in different geographical regions. Amazon relies on economic and political stability, along with purchasing power from consumers in these regions in order to ensure that they can efficiently operate in different regions. Amazon prefers to manage it's own logistics, leading to minimal partnerships with third party distribution companies.

Contrary to popular belief, Amazon is not only a product based company, but also a service based company, providing different services to consumers, such as AWS lamda. Amazon uses lean Kaizen (Continuous Improvement) to ensure that they keep up with changing customer requirements and external factors. They also use other lean processes to remove waste, adding to the efficiency of their processes, in addition to using IT in their operations, decision making and strategic value, to help improve customer satisfaction by creating a user friendly business to customer (B2C) platform.

Part of Amazon's success stems from qualities Jeff Bezos (the founder and CEO) has which make him a successful entrepreneur, such as willingness to take risk, and a belief in his vision. These qualities have led to innovations which have helped Amazon utilize advancing technology to provide even more different products and services to its clients. Finally, the use of high velocity decision making has allowed Jeff Bezos and Amazon to keep pace in a fast paced environment, and to reach decisions as fast as possible.

From this information, the team recommends companies which operate in similar complex and high uncertainty organizations to embed components of Amazon's organizational structure and business model within the companies. It is important to note that this depends on the context the companies operate in, so analysis needs to be completed to ensure that the components Amazon are using are relevant to the company which is facing difficulties. Finally, the team believes that Amazon should continue to maintain their processes and current business model, in order to continue growing stably as an organization.