



Stanford eCorner

The Myth of Best Practices

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For Amazon, all operations are equal until proven - with data - that they need to be changed. For example, in China, it became apparent that Amazon had to invest in delivery systems for the last mile - which often means bicycle delivery. This unique need also mandated software for customers to schedule an exact delivery time, and for delivery staff to process payments. Amazon Senior VP Diego Piacentini uses this as an example of how the company adapts to its environment while still adhering to its core vision.



Transcript

The myth of best practices. You've heard many, many times the word of best practices. Many companies, global companies, talk about best practices. The issue with best practices is that oftentimes they're just good intentions. So, basically you see what the country does very well. And you say, "Look, this country does this program very well." As the best practice, you need to try to do the same. In our business model, and I emphasize from "our" business model because there might be other business models where the best practices work, we basically say in a very draconian way, "Everything is equal unless proven with data," and I emphasize "unless proven with data". It needs to be different. The good thing about when I joined the company when the company was so young, there was no legacy. There is very little legacy with every country doing their own thing.

So, they were able to build this "Everything is equal unless proven the need to be different". It turns out to be that all customers around the world, be they Chinese or African or European, they like low prices. They like the fact that we ship products fast. And we like the fact that we have a lot of products. The basic part, as trivial as it seems, is going to be the same. But there are differences. There are differences in the way that people pay, in the way that people ship or companies ship products. And this is an example of something proven with data. In China, the delivery system is different than in Europe and in the US. This is not a photoshopped thing.

This is real. So, in China for example, we have something that is completely different than in the rest of the world, which is we own the big piece of the last mile delivery. Here in the States, when you see an Amazon box, it's probably a UPS truck or a FedEx truck or a USPS truck or whatever local carrier. So, we lay our foundation on existing logistic infrastructure. Same thing in Europe. Same thing in Japan, Japan's incredibly developed infrastructure. In China we had to build our own delivery system. So, these are Amazon employees that carry Amazon products. They deliver the products and guess what they get in exchange? Cash. Now, they have the POS device for which a customer can slide their Bankard or credit card.

And that's the evolution. I actually tried it myself. Believe me, it's really, really hard, especially when you have to carry a TV screen. This is the way it looks, for example, our new schedule delivery, check-out page. So, if you look at the check-out page, that's where the difference is. Here is where you usually decide what kind of transportation you want. If you want a free, super delivery or you want to pay for it next day, this is the way it looks like in China. So, this is an example of something that looks different but based on the fact that we had data to prove that it needed to be different.