

Stone, Brad – The Everything Store

Corgi Books, 2013 [Business] Grade ★★★★★

When Brad Stone asked Jeff Bezos about the idea of writing a book on Amazon, Bezos found it premature as a lot of history was still to be created. Observing the events after the publication in 2013 one can understand why. The company and its founder are one of the biggest success stories of the 21st century and many books are yet to be written about them. The title says a lot about the ambition of Amazon and Bezos, to become The Store for everyday purchases. They are certainly on the way.

Brad Stone is a journalist and author who focuses his writing on the technology area and frequently the major technology companies. He has written three books of which *The Everything Store* was his second. Stone had followed Amazon and Bezos for a long time as a reporter before deciding to write the award-winning book.

As is common with biographies the book is structured chronologically, starting with the early life of Bezos, his first jobs and the decisions that ultimately led to the formation of Amazon. Bezos had a well-paid job at a hedge fund on Wall Street and he took a leap of faith by - opposite to the advice and wishes of most of his friends and relatives – leaving the comforts to start his own business called Cadaver (later changed to Amazon). The book is as much a biography of Amazon as of Bezos, which is not strange due to his influence.

The book conveys the story that many of you will be familiar with at this time. Starting with selling books online, Amazon has moved into many new areas over the years. Some of the chapters describe the most important innovations of the company as the notion of the Everything Store, Amazon Web Services and the Kindle e-book. It also explains many of the failures, mostly related to early acquisitions (which are minor compared to the successes). Bezos' idea is to fixate on the customers and to use the savings that Amazon realizes with increased scale to lower prices. The

declining prices entice customers to buy more leading to larger scale and even lower costs in a virtuous cycle. The company has been ill seen by the financial community during large parts of its history due to the lack of (apparent) profits. With a true long-term perspective Bezos has the idea that what's best for its customers is best for Amazon. Other stakeholders are not treated as friendly. Vendors, employees and the Government have a hard time dealing with it. In my opinion, that may be one of the tougher challenges for Amazon in the future as the best business should be the one that treats all stakeholders well.

The author pictures Bezos as a genius who sets the highest standards on himself and his employees. If the standards are not met, the stay at Amazon will be short. Considering how many leaders that have come and gone as well as the success of the company, it's hard to argue against those points. Bezos was afraid that the book would become another one of those biographies trapped in the narrative fallacy of too much simplification and storytelling. The road to success is always bumpy and even though it's now clear that e-commerce is a success, that was far from evident early in Amazon's history. One could think of an alternative scenario where the development of e-commerce would have taken much longer to the detriment of Amazon. I would have appreciated such a discussion. Stone makes a few points about what is certain to happen in the future which I think could profit from a more nuanced view.

As an investor it's great to be able to study successes and failures of businesses without having to make a judgment if the stock is interesting or not. Amazon is such a case for me. I think it's an act of grave omission not trying to understand one of the most important companies in the world and possibly more crucially its fascinating founder. This book is a joy to read due to the simplicity of the language and the timely subject. I surely understand why it became a best seller.

Niklas Sävås, January 28, 2019