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'To what extent does Amazon.com, Inc success be accredited to its organizational culture and ND Jeff Bezos's leadership style?

Kalpana Solanki

ABSTRACT

This research aims at finding the answer to the research 'To what extent does Amazon.com, Inc's success be accredited to its's organizational culture and ND Jeff Bezos's leadership style? This research question is answered by using the concepts of Business management for identifying the organisational culture of Amazon and leadership style od Jeff Bezzo and later identify the role of the corporate culture and leadersip style in the success of Amazon. The secondary research shows that Amazon has an extremenly positive and welcoming organizational culture along with effective leadership style of Jeff bezzo which has led to the success of the company. Organisational culture motivate the human resources of the company to give their best efforts towards excellent customer services and customer satisfaction. The CEO jeff has inculcated a warn culture by injecting his values and used a mix of Authoratirian and democratic leadership style which has led to the success of the company. Human resources are the most important asset of every organisation and the positive organisational culture has contributed to the optimum utilization of the human resource capabilities in Amazon. The research essay end with the finding that the visonary leadership style of Jeff has inducted the long term values in the employees of Amazon. Amazon's organisational culture can be depicted in the rituals, stories, behavior, communication, style, workplace practices, celebrations and dress code of the employees and management

ORGANIZATION

Amazon is the biggest tech company in the world today and 2nd biggest employer in USA. The founder Jeff Bezos it ranked as the richest entrepreneur in the world by Forbes Magazine in 2018. Jeff Bezos initially started his business as a small online book renting store in in Garage in 1994 in Seattle.

Today he is one of the most successful executive in the world and this has inspired me to conduct a research to dig deeper and find out the answer to my research question''**To what extent does Amazon.com, Inc success be accredited to its's organizational culture and ND Jeff Bezos's leadership style?**

This study has focused on identifying the role of Jeff Bezos as effective Manager by using the **model of Mintzberg 's management Roles of managers** this model has helped me in identifying the multiple roles played by Jeff in his organization. The leadership style of Jeff Bezos was identified by using the **Managerial Grid of leadership model by Blake and Mouton.** The other model that was used in this research was **Charles Handy 's Cultural Model** which helped me in finding out the characteristics of the organizational culture of Amazon.

The **secondary sources** like company website, online financial and employee related reports, news articles, books, journals, magazines, charts and graphs, annual reports, stock market reports etc. these reports helped me to effectively understand and collect valid, feasible and useful information for my research.

The **conclusion** of this research shows Jeff Bezos has successfully played the multiple roles as an effective manager. The leadership style he has followed is Autocratic style (Team leader) Ironically this style has worked well for the company but still not preferred by some employees. The corporate culture model shows that Amazon has a Role and Task culture.
Word count -299 words

INTRODUCTION

Amazon was born in the year 1994 in US as online bookstore by Jeff Bezos. The main business of the company includes e -commerce platform, cloud computing and artificial intelligence in Seattle USA. It is one of the top technology ecommerce company due to its market capitalization, innovation and brand equity. It is the largest technology company in the world and the 2nd biggest employer in USA. The company went public in 1997. The following year, the organization also sold video games, consumer electronics, home-improvement items, software, games and toys in addition to other items (1).

The vision of Amazon.com is: "Our vision is to be earth's most customer-centric company; to build a place where people can come to find and discover anything they might want to buy online. "Amazon's mission focuses on offering lowest prices with best product choices and best convenience to its consumers. (2)

The leadership principles of Amazon include the policy of the customer is the king, leaders are the owners, learn and be curious always, invent, hire and develop the talent of best candidates make highest standards of performance and think big. The punch line is **'customer is the king and he is always right'**

According to a study the employees of Amazon said that the corporate values that are most important to them are Transparency and integrity, teamwork and winning, speed and innovation fun and passion, diversity in workforce.

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(1) Https://Blog.Aboutamazon.Com/Operations/Helping-Employees-Pursue-New-Careers, 2016. Accessed 13 Feb 2019.
(2) Https://Edition.Cnn.Com/Interactive/2018/10/Business/Amazon-History-Timeline/Index.Html (Author- Lydia Depillis And Ivory Sherman) Article CNN Business-Published On October 4, 2018. Accessed 13 Feb 2019

METHODOLOGY

The topic for this research was searched by referring the secondary sources such as peer reviewed articles, online journals, online news articles and interviews. The topic seems to be feasible and interesting since very few researches have been conducted in the area of organization culture and leadership style used in Amazon.

The recent secondary sources gave an in depth understanding of organization culture and leadership style of Jeff Bezos and the unexplored side of Amazon. Amazon surely has a different culture and unique leadership style which is not very common in the industry.

The main theories that will be analyzed in this research are as follows-

I. Mintzberg' s management Roles of managers
II. Blake and mouton ''s Managerial Grid of leadership
III. Charles Handy' s Cultural Model

Table 1- Summary of the data collection tools

Important information	Method of data collection	Reason for choice	Source	Possible limitations of the data
Amazon Inc. history	Company website	The information is credible which supports the research	Website and online articles, information and reports about the Company vision mission corporate culture ,leadership style and motivation	The information on the website might not be completely true
Mintzberg management roles	Text book ''Business Management '' by Hong	The text book clearly explains the concept of Management roles	Secondary source ie Text book helps in identifying the role of Jeff Bezos and his leadership style	The information provided in the articles might be manipulated in favor of Amazon Inc.
Blake and Mouton's Managerial grid model for leadership	Online Articles and text book ''Business Management '' by Hong	The text book and articles explains the various leadership styles		
Charles Handy's Cultural Model	Online Articles and text book	The text book and articles explains the factors that shape the corporate culture	This will help in identifying and understanding the corporate culture of Amazon Inc.	All the factors of corporate culture mentioned in the text book might not be used in Amazon Inc.

The research will use 3 tools in order to answer the research question 'To what extent does Amazon.com, Inc success be accredited to its's organizational culture and ND Jeff Bezos's leadership style?

I. **Mintzberg's management Roles of managers**- This model will help in analyzing the role of Jeff Bezos as an effective leader and manager (interpersonal role, informational role and decisional role) and identifying that can he be given the credit for the success of Amazon Inc.
II. **Blake and mouton 's Managerial Grid model of leadership'**- This model will be useful in identifying the leadership style of Jeff Bezos and analyzing that is his leadership style successful.
III. **Charles Handy 's Cultural Model-** The cultural model will help in analyzing the organizational culture of Amazon and the factors that have an impact on the organizational culture. **figure head, leader and liaison.**

DISCUSSION AND ANALYSIS

Mintzberg 's management Roles of Managers-He is a management scholar who has classified the role of managers into 3 groups as follows-

A. Interpersonal role-The interpersonal role includes the role as figure head, leader and liaison.

Figurehead- As a figurehead the manager is required to act as a head for the group of the employees. Here his responsibility is to provide needed support to his employees, give his shoulder to the employees at the time of need and crisis and assure the employees that they will succeed in the tasks.

Jeff Bezos role as a figurehead is quite amazing. The example is staffing at Amazon. Hiring is done on the basis of **BAR RAISER PROGRAM** which aims at hiring candidates who can raise the customer experience. Bar raisers are the interviewers form Amazon who are trained and then nominated and then selected for the role of interviewer. They are usually not from the same business area in which the candidate is applying this enables him to be fair in identifying and suggesting the best suitable candidates with required KSAO, learning capabilities to the line managers. This gives fair chance for hiring to all (3). Employees have the option of selecting a program of **CAREER CHOICES** which enables them to go after the passion of their life or make a change in the career by sending the employee for training, workshops and university sessions (4)

Leader- he acts as a leader by guiding setting SMART goals for the employees, giving guidelines to them, leading them and offering intrinsic and extrinsic rewards for a job well done.

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(3) Http://Panmore.Com/Amazon-Com-Inc-Vision-Statement-Mission-Statement-Analysis, 2019. Accessed 13 Feb 2019.

(4) Https://Blog.Aboutamazon.Com/Working-At-Amazon/How-Amazon-Hires, 2019. Accessed 13 Feb 2019

Jeff Bezos role as a leader is excellent. He has adopted the autocratic leadership along with Charismatic leadership. He compulsorily puts faith in his employees and guide them to the right direction but do not do spoon feeding for the employee (5)

The below mentioned leadership **quote** says that a 'person should not be proud of the gifts that he receives from others but instead ne proud of what he has achieved because of his hard work because hard work was his choice' (6)

Liaison- he should be able to communicate effectively with the internal and external stakeholders of the organization who includes consumers, shareholder, media, government officials etc.

Jeff Bezos role as a liaison- He writes letters to the company's shareholders, coordinates with the government ministries for getting important permissions, makes announcements in media about new products and services of Amazon and also gives interviews and updates to media .

B. Informational role – As a part of the informational role the manager has to perform 3 roles i.e. **Monitor role, Disseminator role and spokesperson role**.

Monitor- He monitors the tasks done by the employees and ensures that all the employees meet the goals in time**,** the performance of the employee is as per the expectations, if the performance is low then take corrective measures in order to improve it by sending the employee for training**.**

Jeff Bezos monitoring style- He believes that his managers should monitor and accept external business changes. He believes in personal monitoring of his project teams and ensures that the bar of the employee performance is raised every year.

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(5) Https://Blog.Aboutamazon.Com/Operations/Helping-Employees-Pursue-New-Careers, 2016. Accessed 13 Feb 2019.

(6) Https://Www.Quora.Com/What-Is-Jeff-Bezos-Leadership-Style, 2019. Accessed 13 Feb 2019.

Disseminator-Manager is responsible to communicate important information, collecting information and disseminating it to the concerned people.

Jeff Bezos role as a disseminator is fabulous is giving structured and useful information to his employees and teams. He believes that no matter how high you reach in your career it is important to be in touch with people who you are serving in market.

Spokesperson- He is the spokesperson for the company who makes important announcements and declarations officially on behalf of the organization.

Jeff Bezos role as a spokesperson- He has made all the important announcements like launch of e-books sale in 1995, compact discs in 1998, cameras and FMCG products sale in 2000, Amazon prime service in 2005, amazon web services that rented the computing power and data base storage to small business in 2006. Amazon video service in 2006, Kindle e book reader in 2007, buys Zappos the e commerce shoes retailer in 2009, kindle fire in 2011, Amazon Echo the first smart speakers in 2015, whole food chain in 2017and plan to buy online pharmacy in 2018-19. Jeff Bezos announced a new $2 billion fund for philanthropic efforts called The Day One Fund (7).

C. Decisional role -Manager has to perform the following duties-act as an **entrepreneur, disturbance handler, resource allocator and negotiator.**

Entrepreneur –manager has to think that his department is his own business and thus he has to ensure that it earns profits and achieve growth, take risks, spend time and put effort for the organization as it is his own business.

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(7) Https://Www.Cnbc.Com/2018/09/13/Bezos-Launches-Day-One-Fund-To-Help-Homeless-Families-And-Create-Preschools.Html, 2018. Accessed 13 Sept 2018.

Jeff Bezos is a risk taker entrepreneur -he took a risk of starting the ecommerce business in 1992 when no one had an idea about it. All the products and services of Amazon are the child of his brain. The organizational structure and company vision and mission is decided by him. For example, AMAZON SCOUT is an automated parcel delivery device service provided by the company using automated machines which can deliver parcels safely. All the machines scout follows the delivery route automatically but initially will be accompanied by an employee (8).

Disturbance Handler-He has to resolve the conflicts arising between the employees and management, between 2 employees, conflicts with other departments employees or team conflicts.

Jeff Bezos role as disturbance handler -He believes that handling different opinions are a part of the day to day business, one should listen to it and take decisions, in 1995 a book publisher advised him that Amazon did not understand the retail market very well and this will reduce their sale but Jeff had a different opinion and said that the publisher had misunderstood Amazons vision which aimed at make money not by selling products but by making customer take a decision of purchase.

Negotiator- Manager has to be a good negotiator as he is required to negotiate with external people to sign deals along with negotiating high goals and ensuring that his team is focused on the same goal and work with high dedication towards it.

He is an effective **negotiator** which can be seen in his decision regarding the pay of Employees at Amazon. He gave 15%pay to employees in order to be leader.

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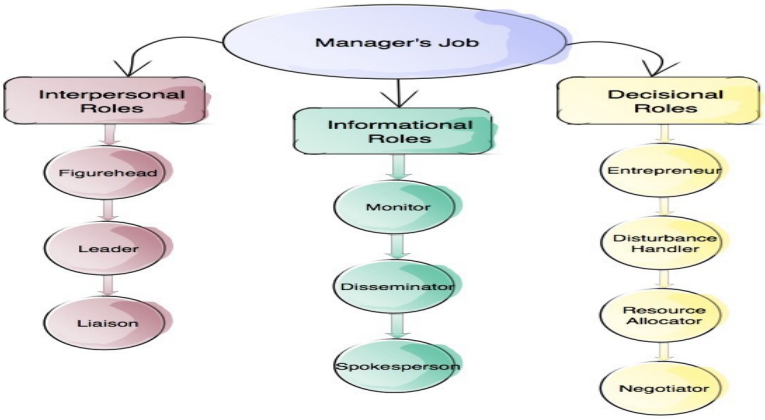
(8) Https://Www.Cnbc.Com/2018/09/13/Bezos-Launches-Day-One-Fund-To-Help-Homeless-Families-And-Create-Preschools.Html, 2018. Accessed 13 Sept 2018.
Since 2018 Amazon has been in negotiation with various cities like Dallas, Crystal City ,Virginia and New York city to decide the location of its new headquarter and in the run and Amazon is deciding the terms one sided because whichever city they will choose it will lead to creation of 40000 white color jobs and a 4 billion $ infusion in the local economy, All the cities are trying to attract Amazon by offering generous benefits. It is a one sided negotiation won by Amazon in all scenarios. (9)

Figure1- Managerial Role by Mintzberg model



Analysis of Jeff Bezos role as a manager – According to the Mintzberg model it can be concluded that Jeff Bezos is performing the managerial roles in an effective way although he is tough on his employees in some areas like monitoring, goal achievement and as a figurehead but his managerial style has been effective in the growth of Amazon.

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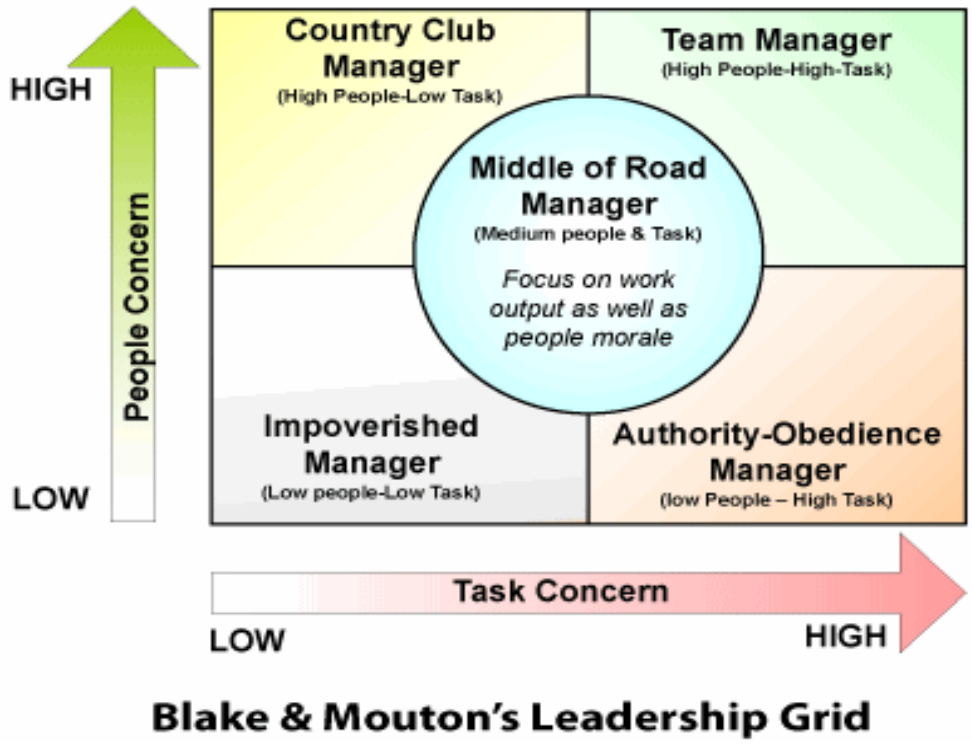
(9) Https://Www.Inc.Com/Bill-Murphy-Jr/Amazon-Is-Giving-A-Free-Masterclass-In-How-To-Negotiate-And-Nobody-Even-Noticed.Html, 2019. Accessed 13 Feb 2019.

MANAGERIAL GRID MODEL OF LEADERSHIP

The **managerial grid** model (1964) was developed by Robert R. Blake and Mouton. This model originally identified five different **leadership** styles based on the concern for people and the concern for tasks (10).

Figure 2 - Managerial Grid



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(10)Https://Www.Google.Com/Search?Source=Hp&Ei=8Wxzxnjtf6ysgwevwiigbg&Q=Managerial+Grid&Oq=Managerial+Gr&Gs_L=Psyab.1.0.0L10.6119.10220..13962...1.0..1.353.3807.0J3j7j5.....0....1..Gws-Wiz.....6..35I39j0i131.74Dayhxchkw, 2019. Accessed 13 Feb 2019.

The **managerial grid model** was propounded by Blake and Mouton in 1964. The managerial grid defines the leadership style of a particular manager or leader on the basis of **2 dimensions –**

1. **Concern for Task/Production**-High concern for achieving company goals and objectives and treats employees as machines. Employees are considered only as objects who should only work for achieving the company goals in all situations

2. **Concern for people**- High concern about the employee problems and treats employees as human beings. This manager listens to the employee's opinion on organizational problems, take suggestions from them and treat them as HUMAN ASSETS and care about them. The manager understands the employees working capabilities and do not force them to work even if they are unwell or have some genuine personal issues.

The manager's leadership styles can be classified as -

1. **Country club Manager** – He has **low on concern for tasks and high on concern for people** (1,9) He is an **Accommodating leader**. This manager aims at only pleasing the employees and **decentralized decision** making, does not set clear job guidelines for them very easy with the employees and thus many time he is not able to achieve the departmental and organizational goals. This king of manager is not an effective leader

2. **Impoverished Manager** - He has (1,1) **low on people concern and low on the concern for production.** He is a **Lassize Faire leader** who is indifferent to both the concern for people and concern for Task. He wants to save his job position thus gives freedom to employees and low concern for task accomplishment. Allocates the tasks to employees and do not care about its accomplishment at all**.** This manager is neither concerned about the achievement of the organizational goals nor he cares about the employee related problems**.**

3. Authority obedience Manager –High concern for task and low concern for people (9,1) This manager is a task master and he always aim at completing the tasks in time, meeting the deadlines and he does not care about the employee problems at all. He gives money to the employees and expect superior performance in return.

4. Team Manager – High concern for people and high concern for Tasks or production (9,9) This leader is one of the best and most effective in his job because he gives high importance to achieving the goals and tasks along with giving high importance to his employees and treats employees with dignity. This type of leader is very unique and extremely difficult to find in practical life.

5. **Middle of the road Manager**- Equal concern for tasks and people (5,5) This manager gives equal importance to Task completion and the employee morale and problems. He focuses equally on both the dimensions because he wants to secure his job position along with partially achieving the company objectives but he is not the best leader because he is compromising on both the dimensions.

Analysis of the leadership style of Jeff Bezos on the basis of MANAGERIAL GRID model- Jeff Bezos leadership style is very close to the **TEAM LEADER STYLE (9,9)** mentioned in the Grid model because although he is **autocratic** in his work because he does not like to be taught

by others and cannot listen to others opinions he prefrer the employees to listen and agree to him on one hand but on the other hand he inspires his employees , acts as a role model , motivates them to continuously improve the standard of performance by improving the customer services. He leads the major work teams and is personally supervising the major teams operational at Amazon This means the **decisions making is centralized** in Amazon**.** His personality is **charismatic** which has a positive impact on the employees of Amazon. Inc. making the company ranked in the list of the top 3 successful organizations in the world in 2018-19. Jeff Bezos follows the leader punchline of '' the customer is the king''. He follows **Autocratic style** of leadership which although is not preferred by many but still is effective in Amazon. Visionary and **Charismatic style** of leadership are his supportive styles of leadership. He at times become a team leader which enables him to set a clear future direction and purpose for the company (11) As a caring leader Jeff provides Health care INSURANCE to all employees which is another motivator in Amazon.

Some of the most important leadership qualities possessed by Jeff Bezos are as

- Priority to customer services
- Working in small groups
- Think long term
- Take risk for market leadership
- Employees should think like owners
- Base the strategy on things that are static
- Focus on processes rather the on failing
- Give options to customers

CHARLES HANDY' S ORGANIZATIONAL CULTURE MODELS

Charles Handy has identified 4 classes of the organizational culture as mentioned below-

Power culture- I believes that the culture is defined by the few individuals who can make decisions and enjoy power in the organization. The powerful enjoys the obedience. Decision making is quick and centralized. It is autocratic.

Role culture- Supports the idea that the culture is shaped by the role of an individual in the organization thus those employees who are on the upper ladder of the hierarchy seems to have more impact of shaping the organizational culture. This culture has high level of bureaucracy and is autocratic.

Task culture -It can be seen in a team formed to accomplish a project. Team members who are more skilled and capable and can do the tasks effectively enjoys more power and others follow them. Matrix structure is an example of the Task culture and it is democratic in nature (12).

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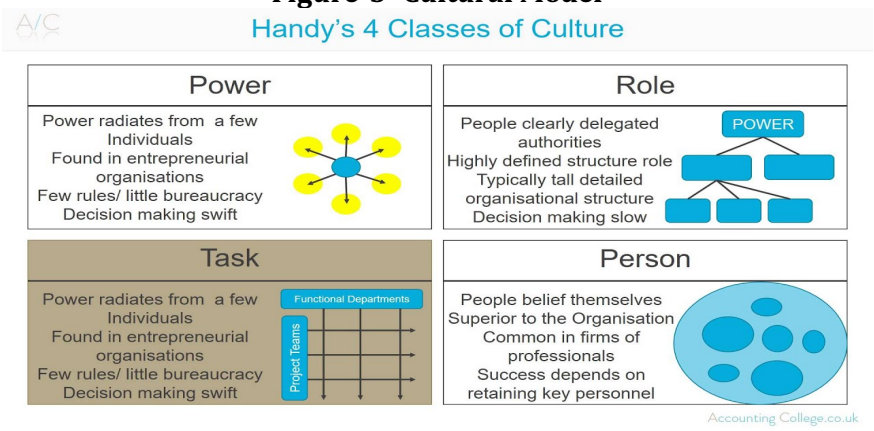
(11) Http://Www.Gotabout.Info/Leadership-Qualities-Skills-Style-Jeff-Bezos/, 2017. Accessed 13 Feb 2019
(12) Https://Www.Tutor2u.Net/Business/Reference/Models-Of-Organisational-Culture-Handy, 2019. Accessed 13 Feb 2019.

Person culture -Culture is more visible in the organizations who hire professionals with similar KSAOs. Like Lawyers, Accountants etc. It derives the culture values on the basis of the superior knowledge of the employees thus it is democratic.

Figure-3- Cultural Model



Features of Amazon's Organization culture –

- The CEO Jeff BEZOS has defined the Amazon's culture as a "**gladiator culture"** which clearly defines the goals for each employee and ensures they meet it. **High standard of work is** the tool by which Amazon managers drive their teams to deliver ever-increasing levels of service to customers (13) Amazon has succeeded because of it evidence based single, **unified force that combines the internal culture and its external brand.**
- The internal culture nurtures HR INNOVATION and the performance- driven work environment that encourages the employees to innovate in rendering outstanding and continuously improving customer experience and its brand identity is based on providing innovative customer experience.
- An important feature of amazon's culture is single minded focus of all the employees on **excellence in the customer services** this feature has made the company one of the most desired companies in the world in 2019.
- The company is an excellent example of **''Brand Culture Fusion''** which means the full integration of the external brand image and the internal corporate culture.
- Jeff Bezos core philosophy of TWO PIZZA RULE shows the corporate culture which means every **team** should be small enough to be fed with 2 pizzas has made the company agile enough. Small teams are more effective (14)
- The organization culture adores the Veterans from armed services are welcome them by giving work opportunities at Amazon

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(13) Https://Qz.Com/Work/1227352/Amazon-Proves-Company-Culture-Doesnt-Need-To-Be-Warm-And-Fuzzy-To-Be-Effective/, 2019. Accessed 1 Feb 2019.

(14) article "What Is The Internal Culture Like At Amazon?". 2017, Accessed 13 Feb 2019.

Analysis –The organizational culture of Amazon can be considered as a mix of Role culture and Task culture because the employees who hold important job titles are in a position to significantly influence the culture on the other hand Amazon has some features of the Task culture also because the team members who are more skilled and knowledgeable are dominating and shaping the culture of the work teams. This might sometimes have a negative impact on the employee motivation. **Internship** opportunities are an immense motivation for candidates to apply for jobs in Amazon. They select candidates with creativity, problem solving capabilities, create simple ,faster customer satisfying experiences which shows that the culture is supportive.

LIMITATIONS OF THE STUDY

The limitations of the study include the following points-

- The research has studied only leadership style, managerial role and culture but motivation and rewards could have been included in the research to make it more feasible.
- The secondary sources might not provide 100% valid and reliable information
- Due to the time shortage the information collected might not be fully dependable.
- The company websites might provide unbelievably positive image of the company to look favorable in the eyes of the reader.

CONCLUSION

In the end it can be concluded that the managerial roles performed by Jeff Bezos are not perfect and are individualistic and taxing on the employees at some point thus he has to be more considerate and caring for his employees .The autocratic leadership style is although working effectively until now but is not the best style of leadership and the organizational culture is very innovative and creative which nurtures and give platform for growth to young talented employees but on the other hand puts unnecessary pressure on the employees and promote unhealthy competition.

BIBLIOGRAPHY

Print sources- Text Book Page 51,52 'Business Management' 2Nd Edition. 2nd ed., 2019, pp. 51.52. by Alex and Simpson -

Table 1 – Summary of the data collection tools

Figure1: Mintzberg Model
Https://Www.Google.Com/Search?Q=Mintzberg+Model+Pictures&Tbm=Isch&Source=Iu&Ictx=1&Fir=Kcjdax2tg99qwm%253A%252C0xd6hgvomxtalm%252C_&Usg=AI4_-Ktjffk94scssldgzv6wpxnznocqq&Sa=X&Ved=2Ahukewik2tse4qbgahwquxuihfm4axmq9qewahoecaiqba#Imgrc=Kcjdax2tg99qwm:&Spf=1549444417411, 2019. Accessed 13 Feb 2019.

Figure2-Managerial Grid

Https://Riskmanagement365.Wordpress.Com/2012/12/22/What-Is-Blake-Moutons-Managerial-Grid/Blake-And-Mouton-Leadership-Grid/, 2019. Accessed 14 Feb 2019.

Figure 3- Cultural model of Handy

AC Training - https://www.youtube.com/watch?v=E1NrJqYudPw/2016. Accessed 14 Feb 2019

Appendix 1- Https://Www.digitalcommerce360.Com/Article/Amazon-Sales/2019. Accessed 14 Feb 2019

Appendix2-https://www.statista.com/chart/13745/amazon-revenue-forecast/2018. Accessed 14 Feb 2019

Appendix3-https://walletinvestor.com/stock-forecast/amzn-stock-prediction/chart/2018. Accessed 14 Feb 2019

Appendix 4- https://www.statista.com/chart/7581/amazons-global-workforce/2018.Accessed 14 Feb 2019

Appendix 5- https://research-methodology.net/amazon-organizational-structure-2/2018.Accessed 14 Feb 2019

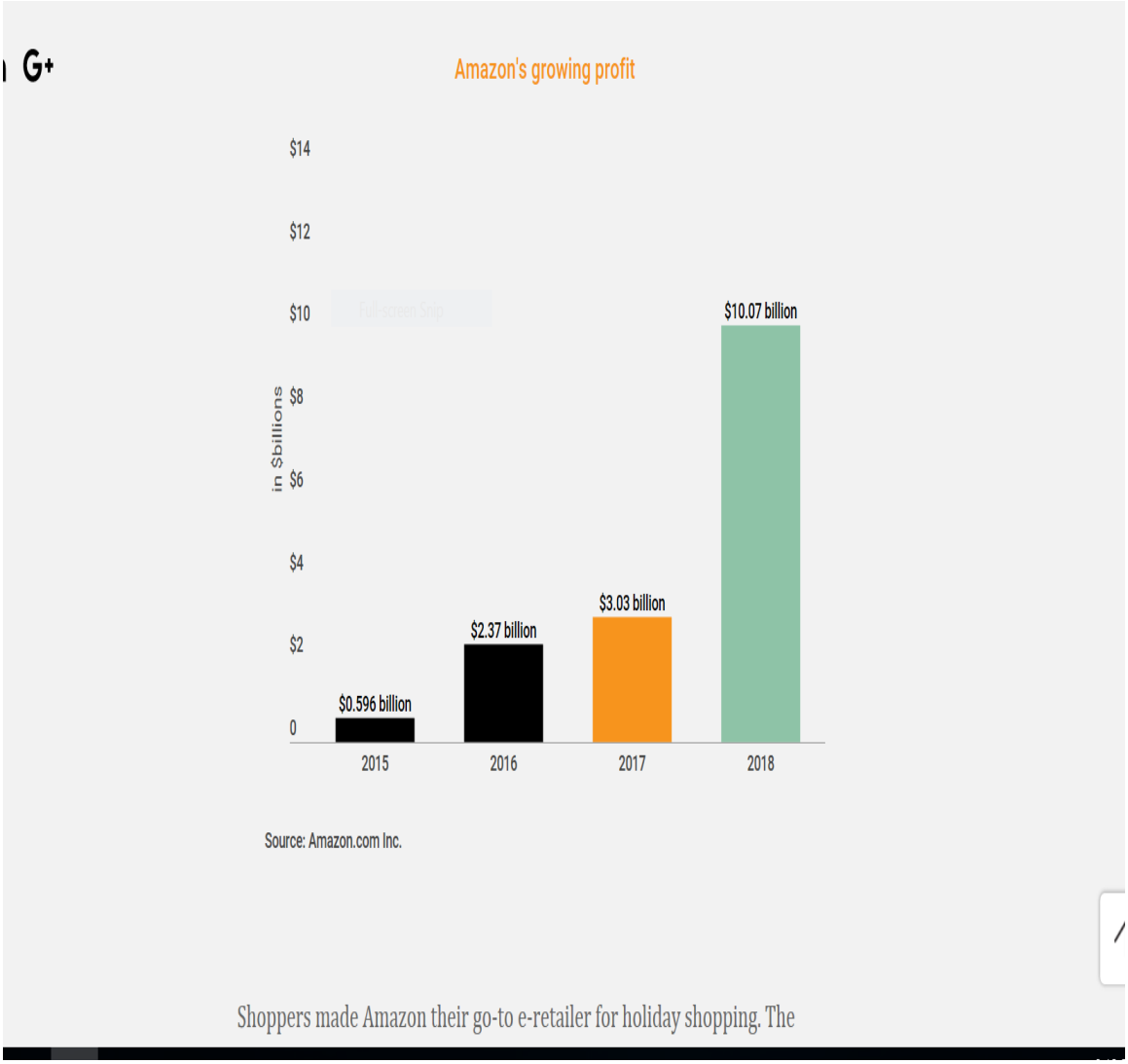
Appendix6- https://sites.psu.edu/leadership/2014/10/26/team-leadership-at-amazon-customer-service/2014.Acessed 14 Feb 2019

Appendix7-https://medium.com/@BlindApp/tech-workers-say-poor-leadership-is-number-one-cause-for-burnout-235bf5431f55/2018. Accessed 14 Feb 2019

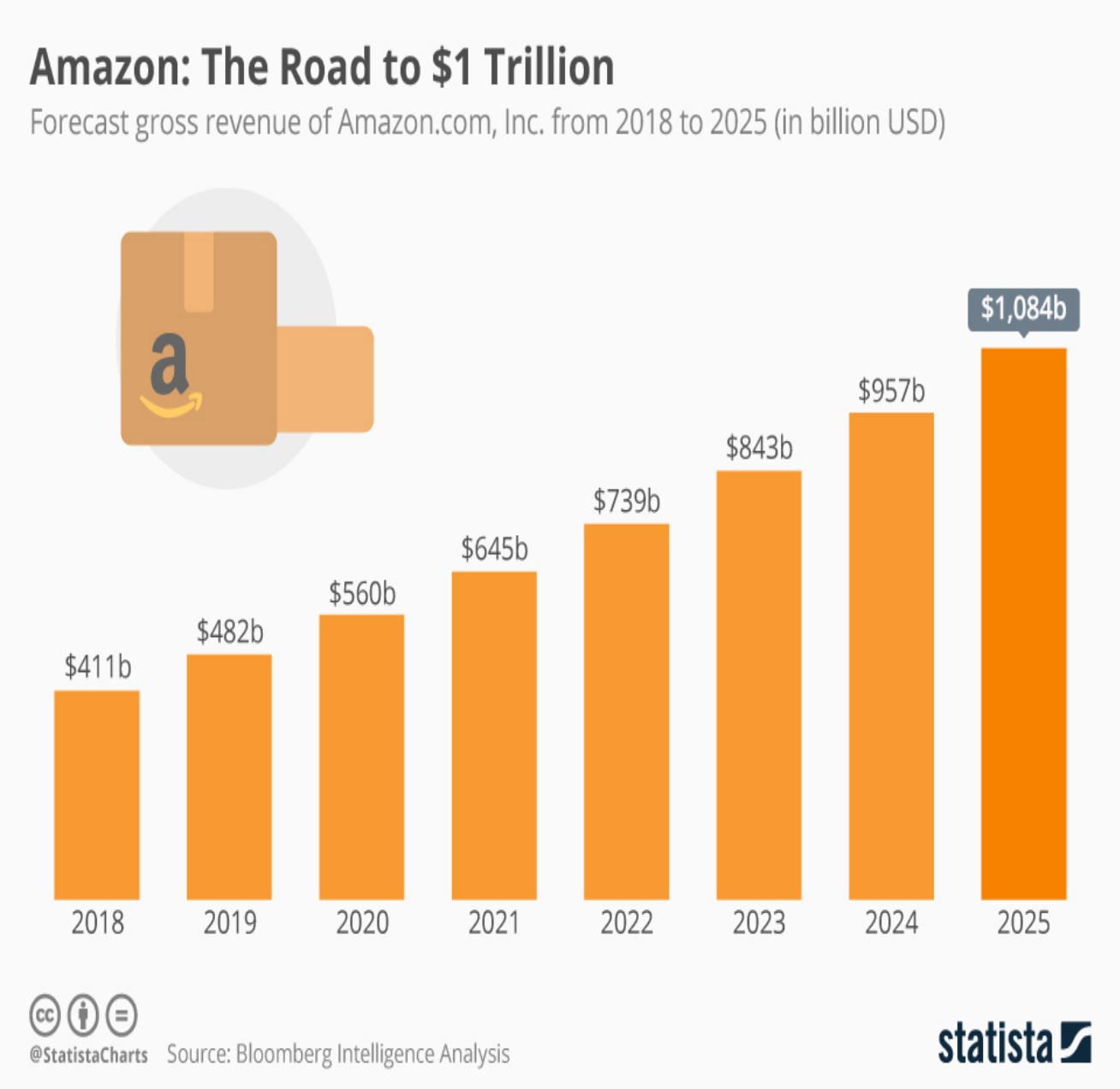
APPENDIX

Appendix 1: Amazons profit chart from 2015-2018.

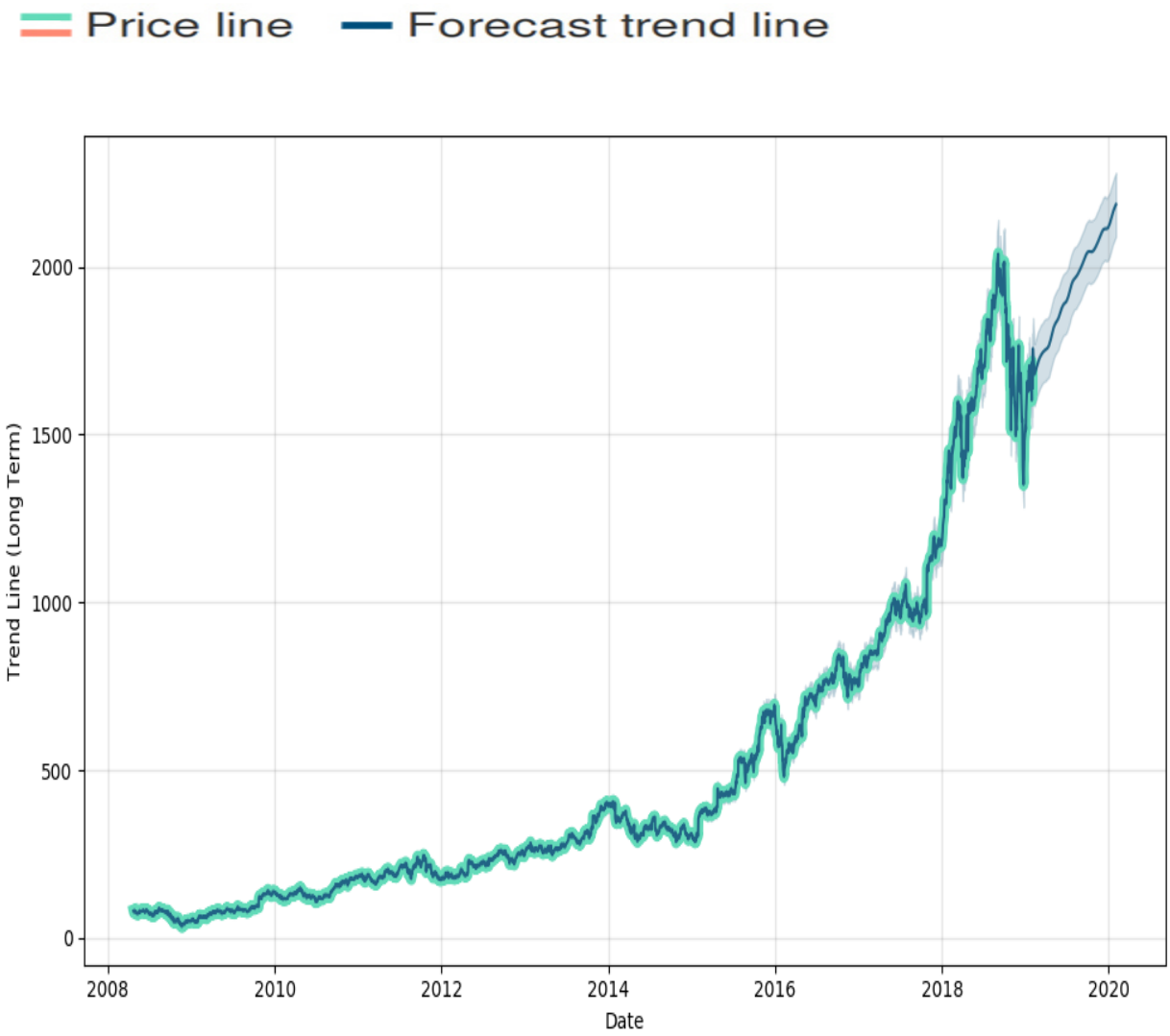
Amazon's revenue across all business segments totaled $232.89 billion in 2018, up 30.9% from $177.87 billion in 2017. Amazon's net income was $10.07 billion.



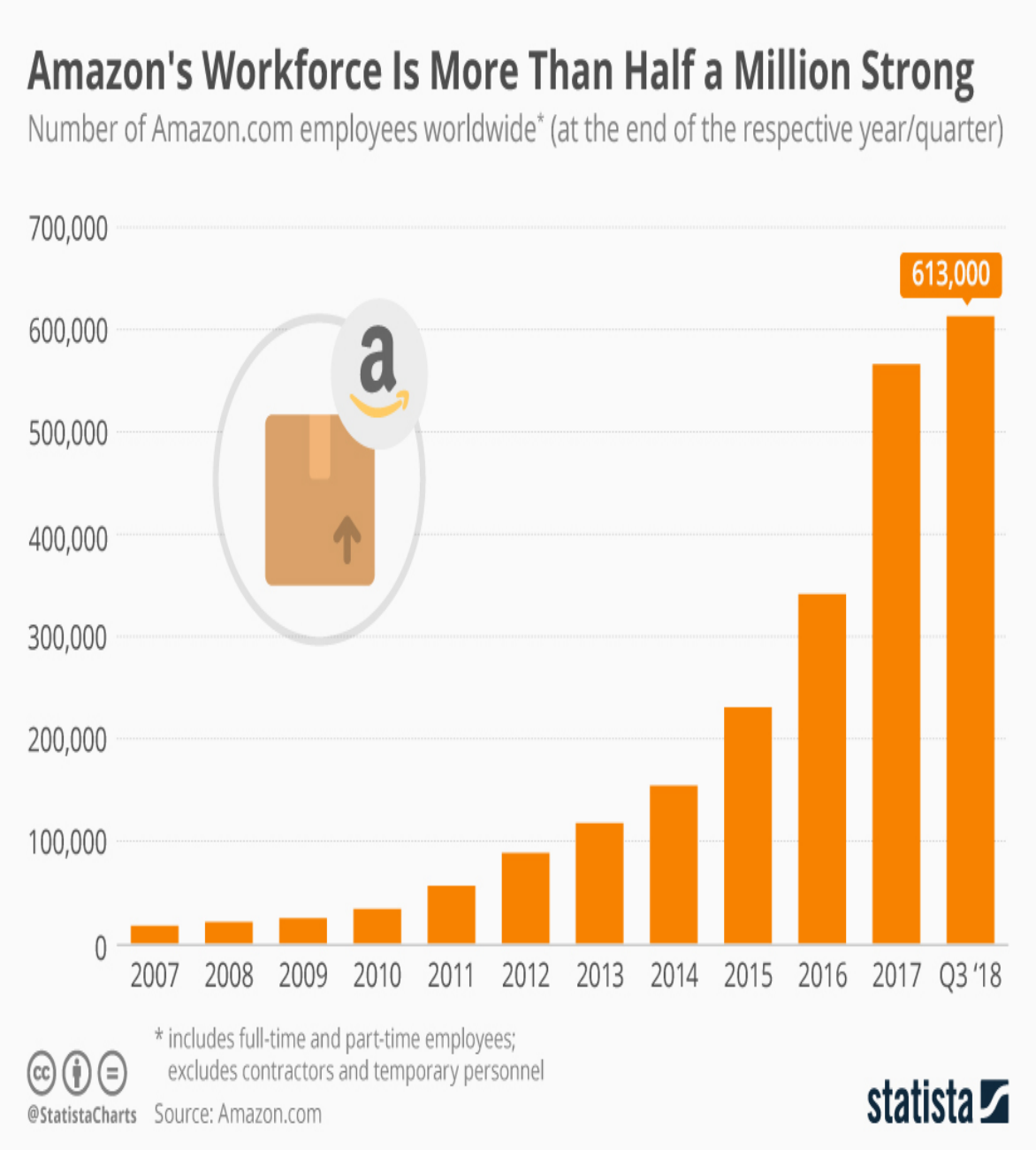
Appendix 2: Amazons forecast gross revenue from 2018 to 2025



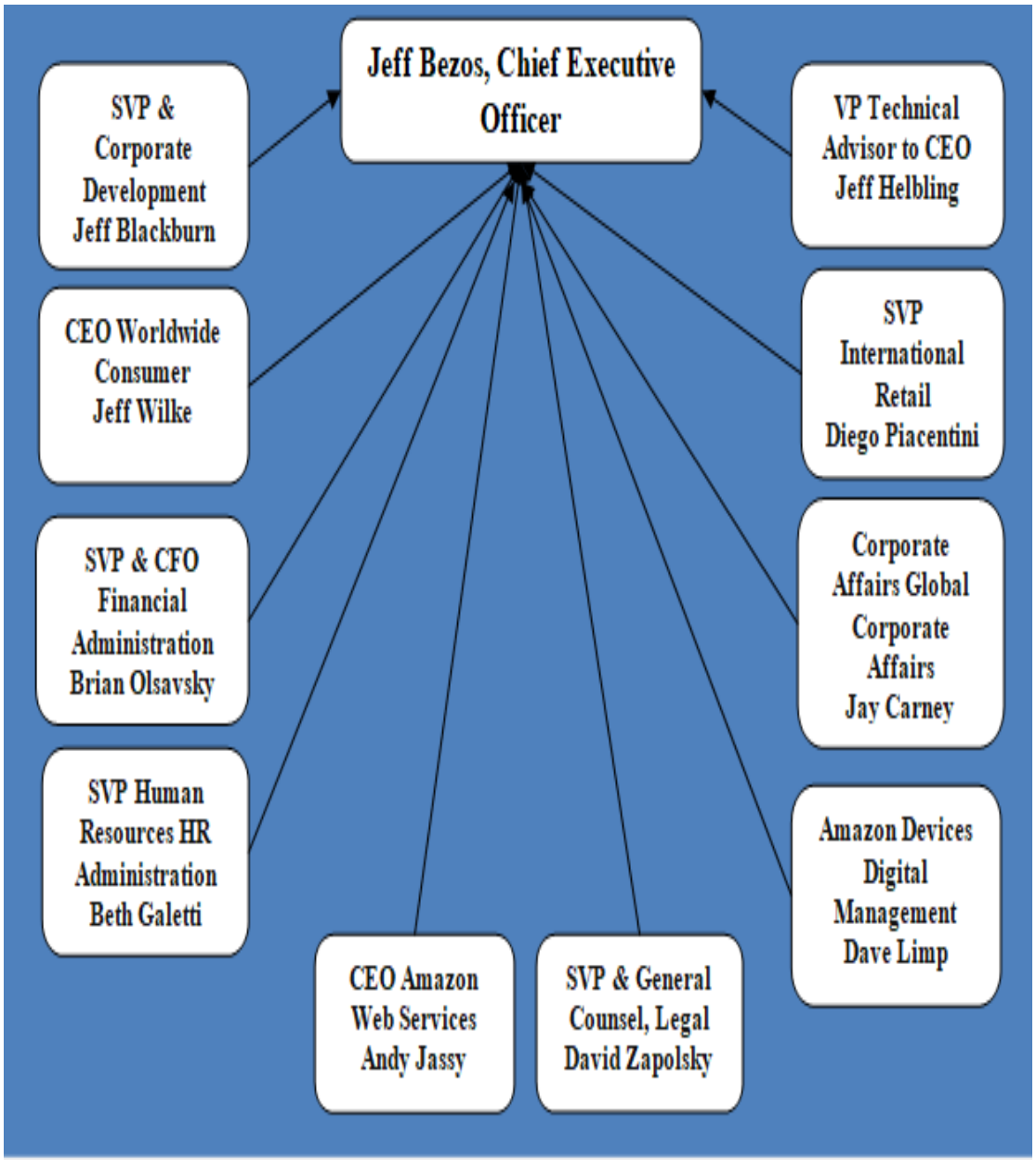
Appendix 3-Amazon.com, Inc (AMZN) Forecast Chart, Long-Term Predictions for Next Months and Year: 2019, 2020



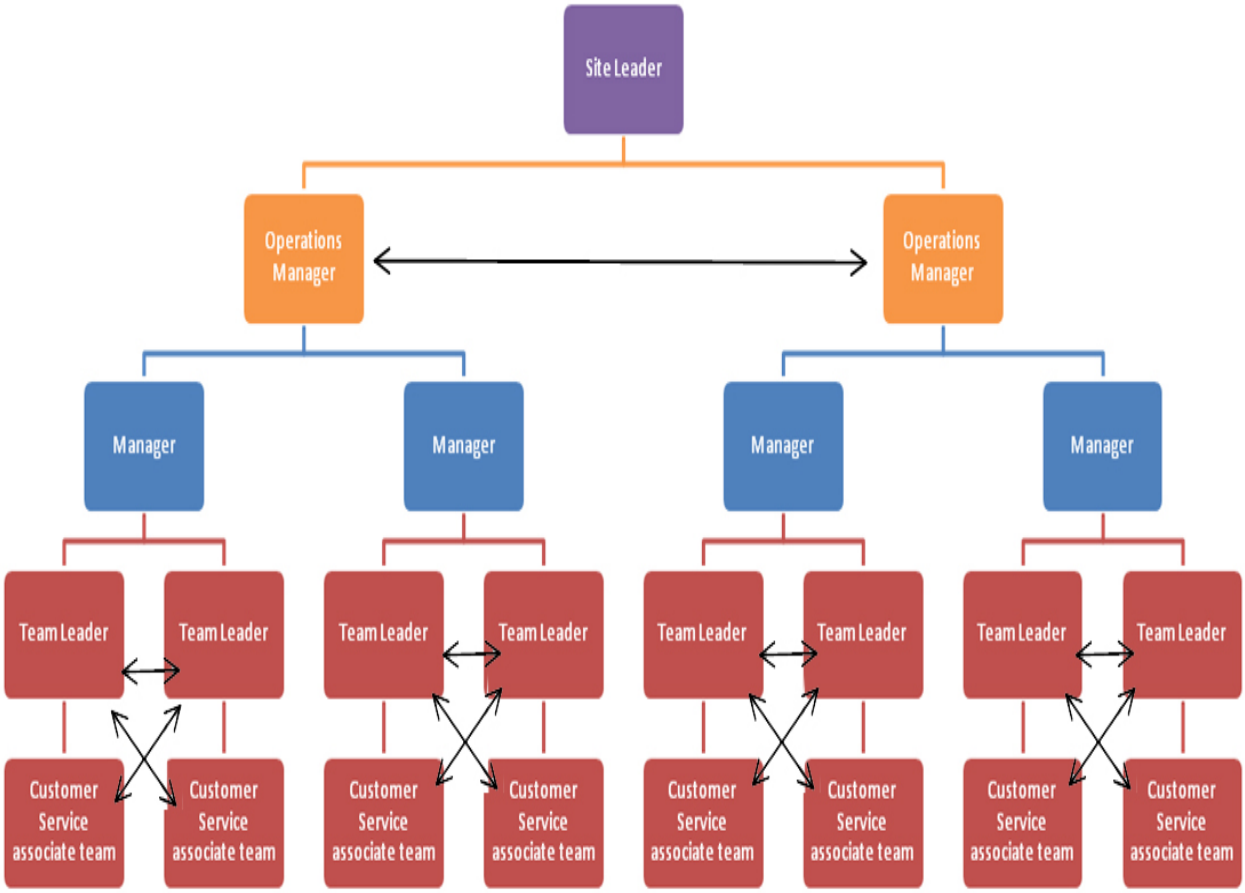
Appendix 4- Amazon 's workforce chart (shows the number of employees until 2018)

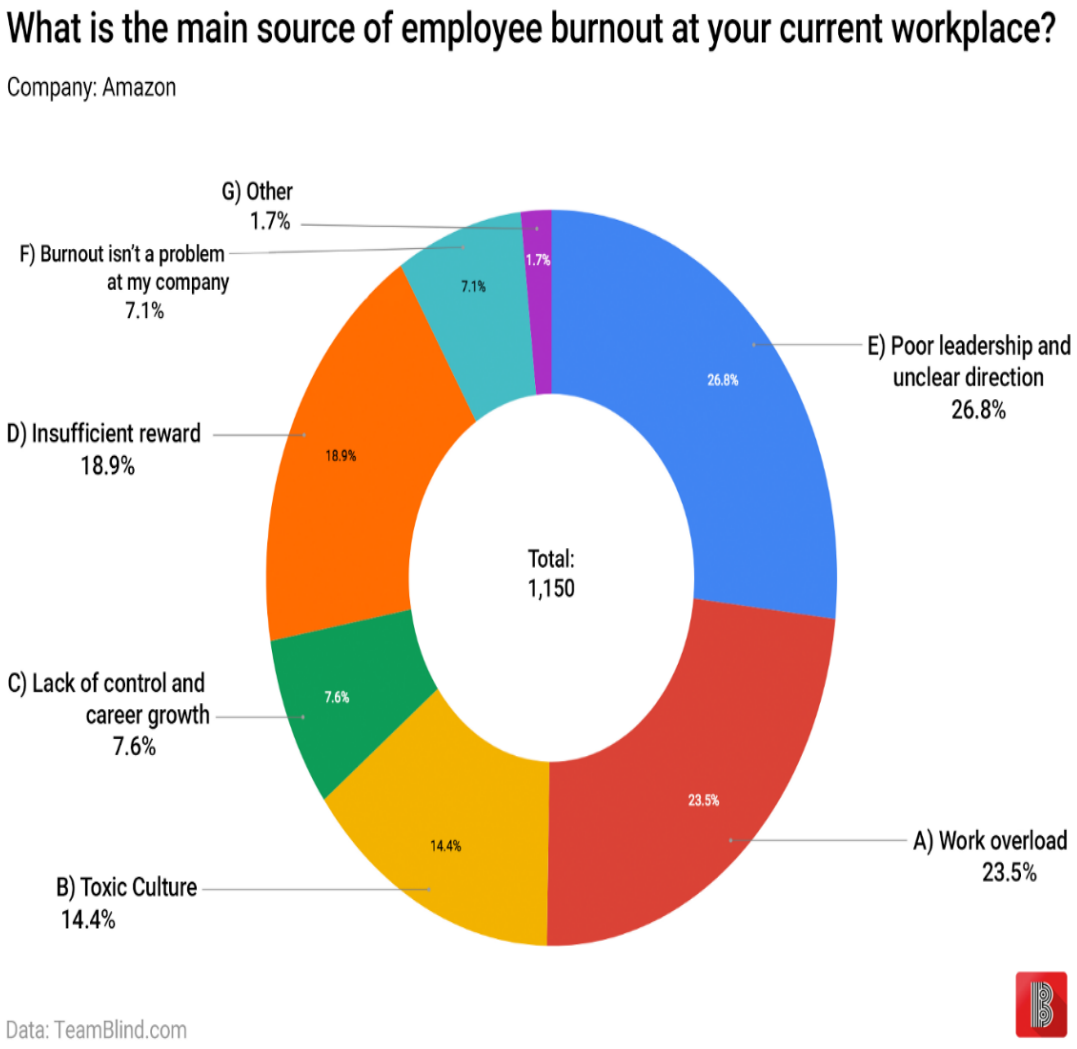


Appendix 5: Organization chart of Amazon Inc. Ltd.



Appendix 6-Team Leadership at Amazon's Customer Service



Team leaders also interact with other CSA's as well as each other in their team grouping. Operations managers also interact closely with each other in their roles as more comprehensive team leaders.

Appendix 7- The chart shows poor leadershipas one of the reasons of employees burntout in Amazon