

How Andy Jassy And Jeff Bezos Can Avoid Leadership Transition Failure At Amazon

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Jeff Bezos

AFP via Getty Images

A lot is at stake when Andy Jassy takes over for Jeff Bezos as CEO of Amazon later this year. Harvard Law School reports that over half of CEO transitions fail, and a leadership misstep at the company would cause serious consequences for hundreds of thousands of employees, markets, and other businesses—not to mention millions of customers. I've examined the challenges that threaten a smooth succession and transition of power at Amazon and what I've learned explains how leadership transition failure can be avoided at any company.

Most analysts praise Jassy as a successor to Bezos and have been optimistic about the transition. After all, Jassy founded and has run for the last 15 years Amazon Web Services. He's developed cloud computing into Amazon's most profitable—at roughly 63% of the company's profits in 2020—and has put it on track to make more than \$50 billion in revenue this year. What's more, a [Vox write-up](#) describes Jassy as sharing the customer obsession that Bezos has used to grow Amazon into nearly \$400 billion company. That his colleagues describe him as an “inventor” indicates he fits well with the company's emphasis on invention which Bezos [says](#) is “the root” of Amazon's success.

But the succession at Amazon is not a typical one. In the seminal book on leadership transitions, *The First 90 Days*, Michael D. Watkins explains that new leaders must contend with one of four types of business situations: start-ups, turnarounds, realignments, and sustaining success. Amazon falls into the fourth category, sustaining success—and the requirements for effectively leading this type of situation are not only less definitive, they also may not be a fit with Jassy nor with Bezos.

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While playbooks exist for leading start-ups and the roadmaps for executing turnarounds and realignments are clear (if not challenging), transitions involving sustaining success are by definition less remarkable, so leaders like Jassy don't have well-known strategies to rely on or case studies to refer to. Although the upcoming CEO transition at Amazon has been compared to the recent one at Microsoft—in part because Satya Nadella came from the company's cloud business as does Jassy—the kind of wholesale transformation that Nadella has led Microsoft through is not necessary at Amazon. And the bold and sweeping cultural and business changes that Nadella has driven provide a model that would be inappropriate and most likely damaging for Jassy.

A more apt comparison would be the transition in 2017 from Howard Schultz to Kevin Johnson at Starbucks, in which Johnson seemed to keep his head down and maintain the same priorities and strategies that had existed before his ascension. Sustaining success, according to Watkins, involves playing good defense and preserving the vitality of the organization.

The skills that contribute to success in this type of transition are more akin to farming than hunting, says Watkins. Hunters are people who move fast and take chances, diagnosing the situation quickly and acting decisively. Farmers are patient and deliberate, focusing more on influencing and cultivating consensus. Of course, good leaders can hunt *and* farm and should know when each is necessary. Descriptions of Jassy seem to suggest he is more of a hunter, so he will need to develop this dexterity and clarity.

Jassy will also need to navigate the uncharted waters of addressing external challenges such as the antitrust cases recently filed against the company, as well as internal challenges including the move by employees to unionize, all the while inventing a new challenge, which Watkins explains is necessary to combat complacency and find new direction for growth in a situation where success needs to be sustained.

For his part, Bezos's ability to assume his new role effectively will be just as critical a factor in avoiding leadership transition failure at Amazon. Unlike in a turnaround or realignment, during a sustaining success situation the former CEO can remain influential, if not actively involved to some degree. His or her strategies, culture, and team remain viable and valued—and their ability to step back into the role during a crisis or in response to poor results looms on the horizon. This is particularly true when the former leader remains in a position of power, as Bezos does when he assumes the executive chairman role and remains Amazon's largest shareholder.

Bezos will need to designate and then respect a clear division of specific roles and responsibilities with Jassy. And this delineation already seems cloudy given the company's stated intent for Bezos to remain involved in so-called "one-way door" decisions (major decisions that can't be taken back.) Also, scenarios such as a government-imposed spinoff of AWS, which still appears to remain a threat, are the exact kind of disruptions that might prompt Bezos to reassert his leadership and sabotage Jassy's.

Amazon's remarkable record of success suggests that Bezos—and Jassy—should not be underestimated. But a unique transition like this has the potential to challenge the abilities of even the most skilled leaders.

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