

Inside Amazon: a Great Environment Fostering Innovation or a Brutal Workplace?

It was July 2015. Amazon, a retailer, had been doing very well in the past and was in the news for all the right reasons. Amazon's idea of selling everything to everyone, everywhere was working well. Their delivery by drone was being tested and many other innovative ideas were in the pipeline. Amazon had just surpassed Walmart as the most valuable retailer in the country with a market valuation of \$250 billion (Snyder, 2015). In addition, Forbes had named the CEO, Jeff Bezos, as the 5th wealthiest person on earth (Vinton, 2015). Mr. Bezos was a happy man. All was well.

About Amazon

Amazon is an American electronic commerce and cloud computing company with headquarters in Seattle, Washington. It is the largest Internet-based retailer in the United States with a headcount of 1,65,000. The company founded in 1994, started as an online bookstore, but soon diversified, selling software, video games, electronics, apparel, furniture, food, toys, jewelry etc. The company also produces its own range of consumer electronics in the form of e-book reader Kindle, Fire tablets, Fire TV and more recently Fire phone. Amazon is also the world's largest provider of cloud infrastructure services (IaaS). (Wikipedia, 2015)

A New York Times Article on Amazon

On August 15, 2015, a Saturday when most people would be enjoying



Copyright © 2015 Shri Dharmasthala Manjunatheshwara Research Centre for Management Studies (SDMRCMS), SDMIMD, Mysore. This case is published as a part of 'Cases in Management Volume 4 (2015)' with ISBN 978-93-83302-14-7

The case writer(s) Neetu Ganapathy, Associate Professor - Systems, may be reached at neetug@sdmimd.ac.in. Author(s) have prepared this case as a basis for class discussion rather than to illustrate either effective or ineffective handling of the situation. This case is written based on the information available in published sources. This publication may not be digitized, photocopied, or otherwise reproduced, posted, or transmitted, without the permission of SDMRCMS, SDMIMD, Mysore. For Teaching Notes please contact sdmrcms@sdmimd.ac.in.

their weekend after a hard week at work, The New York Times (NYT), carried an article “Inside Amazon: Wrestling Big Ideas in a Bruising Workplace”. The article focused on the work culture at Amazon calling it a ‘bruising workplace’. It spoke of how employees were encouraged to tear apart one another’s ideas in meetings, thus pitting them against each other (Kantor & Streitfeld, 2015)

Mr. Bezos had defined the rules based on which Amazonians should act. All new and existing hires were well versed with these rules. Only the best were hired and this created a workplace filled with high performers who were constantly pushed beyond their limits. One employee referred to a good Amazonian as an ‘Amabot’. An ideal employee was described as an ‘athlete with endurance, speed and performance that can be measured and an ability to defy limits.’ Thus, there was no room for employees who couldn’t ‘run’.

The article, which was based on interviews with over 100 Amazonians, past and present, reported that employees were expected to work late hours and even on holidays. One former employee said that he usually worked 85 hours a week and rarely took a vacation. Employees received mails past midnight with the expectation that they be answered immediately. If they did not do so, the mail was followed by a text message asking them why they had not answered the mail.

Some fathers at Amazon said that they considered quitting because their managers expected them to spend less time with their families and work even on weekends. One employee reported that at one point in her career, she had not slept for four days. Another ex-employee’s fiancé observed that she would work day and night. He started to show up at the Amazon campus at 10:00 p.m. to prevent her from doing so and to take her home. He said that even while on vacation, she would spend every day at Starbucks using their wireless net connection to get her work done. As a result of this stressful situation, she developed an ulcer.

Amazonians, the article reported, were encouraged to provide feedback about their colleagues to their bosses. The internal phone directory at Amazon contained instructions on how to use the Anytime Feedback Tool. This allowed employees to send secret feedback about colleagues to their bosses, which employees often reported was used to sabotage others. Elizabeth Willet, a former Army Captain, joined Amazon. After she had a baby, she requested her boss to be allowed to work from 7:00 a.m. to 4:30 p.m. in office, pick up her baby, return home and continue to work from home. While her boss agreed, her colleagues, who did not see what time she came in the morning, sent negative feedback to her boss that she left early each day and did not work enough. This was held against her during her performance review. This forced her to quit Amazon a little over a year after she joined.

Susan Harker, Amazon's top recruiter was quoted by NYT saying, "Amazon is a company that strives to do innovative, ground breaking things and those things aren't easy. When you are shooting for the moon, the nature of the work is really challenging and for some people it doesn't work." Many employees reported that they saw their colleagues crying at their desk on many occasions.

Given the work culture, employees constantly wanted to challenge their limits. The authors stated in the article that Amazon's genius lay in the way it drove employees to drive themselves. Dina Vaccari who worked at Amazon from 2008 to 2014 said, "I was so addicted to wanting to be successful there. For those of us who worked at Amazon, it was like a drug that we could get self-worth from."

The article reported that Mr. Bezos believes that harmony at the workplace can stifle honest critique and can encourage people to praise flawed ideas. He encouraged Amazonians to rip apart colleagues' ideas with feedback that can be painful. Tony Galbato, vice president for human resources was quoted as saying, "It would be easy to compromise and not debate, but this may lead to the wrong decision. We always want the right answer." This has turned Amazon

into a place where co-workers constantly challenge each other and turn the workplace into a combat zone.

Mr. Bezos, the articles quotes, gives a lot of importance to metrics. In the warehouses, employees are monitored using electronic systems. The performance of white-collared employees was measured continuously as well. They were pulled up for not doing well enough. They felt that their work was never good enough. Noelle Barnes, an ex-employee quoted a saying on campus: "Amazon is where overachievers go to feel bad about themselves." Each employee was trying to outperform the other.

In 2011, Amazon came under fire when workers in a Pennsylvania warehouse were found to be working in more than 100-degree heat. They were monitored to ensure that they were packing enough boxes every hour. Given the high temperatures, the laborers were sweating profusely while packing the boxes. Ambulances were kept on standby to take away any laborers who collapsed. After investigation by a local newspaper, Amazon installed air-conditioning.

Yet another fact highlighted by the article was that Amazon does not have any woman on its leadership team. Many women at Amazon attributed it to its high competition and elimination system. They said that the many of the rules were against women and caused them to lose promotions. For instance, women may disagree less with their colleagues than men. They may not be as vehement in their disagreements as men. This was used against them in performance reviews.

There was no room at Amazon for people going through a crisis. The managers did not empathize with such workers. Many workers who were unwell, suffered from cancer, miscarriages or were going through personal crises said that there was no consideration for the same. Motherhood could come in the way of success as well. Michelle Williamson, a parent of three was told that she should find another job that was less demanding. Molly Jay said that she received very good ratings for years when she worked late nights and on weekends.

When her father was diagnosed with cancer, she had to cut back on this, as she had to care for him. Her ratings fell. Her request to be transferred to a less stressful department was refused and her boss told her that she was a “problem”. She took unpaid leave to care for her father and never returned. This was the case with many others who were going through a crisis. Most of them had been edged out instead of being given time to recover.

Many employees quit unable to bear the high-pressure situation. Many others were asked to leave. Several employment lawyers in Seattle area said that they had received regular calls from employees complaining of unfair treatment and termination of services. But mere negative evaluation was never enough to file a case against the company. Human resource executives and recruiters reported a steady exodus. The attrition rate at Amazon is high with the median employee tenure being one year (a 2013 survey by PayScale, a salary analysis firm), which officials at Amazon deny. These ex-Amazonians join companies like Facebook, Google and LinkedIn. But Amazon feels that this is not a failure of the system. It is Amazon’s way of mass recruitment of new workers who help the Amazon machine to spin and then wear out leaving behind the most committed Amazonians (Kantor & Streitfeld, 2015).

An Amazonian’s Response

The day after the NYT article appeared, an Amazonian, Nick Ciubotariu, published a response to the NYT article on LinkedIn. He said that he was pained to read all the lies that the NYT had published and had to give a response. He clarified that he had not been asked to do so by anyone. He pointed to the fact that much of the report was based on past data, which wasn’t true anymore. He said the NYT article was full of half-truths and was biased against Amazon. He provided a point-by-point rebuttal based on his personal experience of 18 months at Amazon (Ciubotariu, 2015).

Nick wrote that Amazon is a great place to work where they work hard and have fun. Employees argue, respect each other and play together.

He denied that employees are expected to work for 85 hours a week and even over weekends and are expected to answer mails even if it arrives at midnight. But, he does agree that he had heard of such horror stories before he joined, lending credence to the fact that such culture did prevail at Amazon in the past. He quoted a very high level executive as saying “Amazon used to burn a lot of people into the ground. This isn’t how we do things anymore.”

On the point that employees are encouraged to tear apart each other’s ideas, he says that they do so respectfully. “I have worked in companies where the highest paid person in the room would make a decision, and that was that. Right, wrong or indifferent, you were either the wolf or part of the flock of sheep. At Amazon, people are encouraged and expected to call out bad/suboptimal projects, ideas, patterns, etc., no matter the level.” he wrote.

Jeff Bezos’ Response

On August 16, a day after the NYT article appeared, Jeff Bezos sent an internal memo to all the employees in which he asked all Amazonians to read the NYT article and the article written by Nick Ciubotariu. He said that he did not recognize the company described in the article by the NYT. According to the media this was the first time Bezos had responded to any article in the press. In his memo, Mr. Bezos did not blame NYT or level any allegations against them. He wrote, “the article doesn’t describe the Amazon I know or the caring Amazonians I work with every day”. He urges employees to read the article and report any such stories to the HR team or to him. He further adds that even if such incidents reported, are rare or isolated, Amazon’s tolerance for such lack of empathy needs to be zero (Cook, 2015).

He tells employees that the article claims that Amazon’s intentional approach is to create a soulless, dystopian workplace where no fun is had and no laughter heard. He says that such a company could never survive leave alone thrive in today’s highly competitive tech hiring market. “I strongly believe that anyone working in a company that really is like the one described in NYT would be crazy to stay. I know I

would leave such a company”, he says. He concludes, “But hopefully, you don’t recognize the company described. Hopefully, you’re having fun working with a bunch of brilliant teammates, helping invent the future, and laughing along the way.”

Other Reactions

In the wake of the NYT article, Jeff Bezos’ memo and Mr. Ciubotariu’s article, many current and former Amazonians took to social media platforms, technology websites and other sources to express their opinions. Some of them defended the culture as highly demanding yet humane, while others agreed with the NYT article about the feeling that they could never meet company standards and constantly felt pressurized to outperform their colleagues.

Lisa Moffeit , a former Amazonian wrote “I didn’t see a whole lot of crying at desks. But I did see a lot of crying in bathrooms.” Courtney Hartman, a current Amazon employee who has worked at the company for six years, wrote in an online comment that she had taken two maternity leaves and had been away from work for many childcare emergencies but this had never impacted her career. (Streitfeld and Kantor, 2015)

Many former colleagues of Mr. Ciubotariu disagreed with his depiction of Amazon as a polite, respectful, Foosball-playing workplace. Eric Moore wrote, “Amazon was the most toxic work environment I have ever seen.” “I would start crying on Sunday nights and my husband devoted countless hours to listening to my stories about my work days,” said Angela Galper, a former Amazonian.

Many Amazonians wondered about Mr. Bezos’ memo and wrote, “How do you possibly convey to your manager the intolerable nature of your working condition when your manager is the one who is telling you, point-blank, that the impossible hours are simply what’s expected?” They debated exactly what Mr. Bezos meant in his message, and whether he would truly commit to making changes to the company’s culture, especially with the stock at an all-time high.

Julia Cheiffetz, an Executive Editor at HarperCollins Publishers, published her opinion online stating that while working at Amazon she was dazzled by the smart people she met. She made the observation that there were hardly any women in leadership roles when she worked there. When she pointed this to her manager, she was told that Michelle Wilson was on Mr. Bezos' executive team. A year later, Michelle Wilson left on maternity leave and never returned.

Julia had a baby and while she was on maternity leave, she was diagnosed with cancer. Her insurance was withdrawn and she was told that it was on account of an administrative error. When she returned to work, five months later, things were not very encouraging and she quit. Through her post on LinkedIn, she appealed to Mr. Bezos to make Amazon a better place to work for women. She wrote, **"Please, make Amazon a more hospitable place for women and parents. Reevaluate your parental leave policies."** (Cheiffetz, 2015)

What Next?

It was evident from the responses of Amazonians to the NYT article, that there was truth in it. It was not a hatchet job as Mr. Ciubotariu had accused the article to be. He himself had agreed that much of the environment spoken about in the article did prevail at some point in time at Amazon. From the accounts provided by Amazonians, some of those aspects still exist depicting the work environment at Amazon to be brutal.

References

- Cheiffetz, Julia (2015) "I Had a Baby and Cancer When I Worked at Amazon. This Is My Story", downloaded from <https://www.linkedin.com/pulse/i-had-baby-cancer-when-worked-amazon-my-story-julia-cheiffetz?trk=hp-feed-article-title-hpm>
- Cook, John (2015, August 16), "Full memo: Jeff Bezos responds to brutal NYT story, says it doesn't represent the Amazon he leads", retrieved from Geekwire.com
- Ciubotariu, Nick (2015, August 16), "An Amazonian's response to

“Inside Amazon: Wrestling Big Ideas in a Bruising Workplace”, downloaded from <https://www.linkedin.com/pulse/amazonians-response-inside-amazon-wrestling-big-ideas-nick-ciubotariu>

Kantor, Jodi and Streitfeld, David (2015, August 15). “Inside Amazon: Wrestling Big Ideas in a Bruising Workplace”, August 15, 2015, retrieved from <http://www.nytimes.com/2015/08/16/technology/inside-amazon-wrestling-big-ideas-in-a-bruising-workplace.html>

Streitfeld, David and Kantor, Jodi (2015, August 17) “Jeff Bezos and Amazon Employees Join Debate Over Its Culture” retrieved from <http://www.nytimes.com/2015/08/18/technology/amazon-bezos-workplace-management-practices.html?ref=topics>

Snyder, Benjamin (2015, July 23) “Amazon is now worth more than Walmart”, retrieved from <http://fortune.com/2015/07/23/amazon-tops-walmart/>

Vinton, Kate (2015, July 23) “Jeff Bezos Just Gained \$7 Billion In An Hour To Become World’s Fifth Richest”, retrieved from <http://www.forbes.com/sites/katevinton/2015/07/23/jeff-bezos-just-gained-7-billion-in-an-hour-to-become-worlds-fifth-richest/>

