## 1. Amazon's Business Process Innovation

Business <u>process</u> innovation radically alters the older paradigms, principles and conventions to create and deliver better customer value.

Amazon is a consistent business process innovator because it questions what it does today. Today's strengths may become tomorrow's weakness. Amazon wanted to attack growth-induced stagnation and irrelevance of existing business processes with the axe of *innovation*. Many companies go by only the founder's wisdom but innovators like Amazon can't afford to sentimentalize the icons of the yesterday. Amazon questions and breaks the existing processes to allow fresh breath into new processes as follows.

**2013:** Developing Fulfillment Capabilities: Sunday Package Delivery Model Increasing number of Warehouses with 50 new warehouse facilities **Business process**: To bring US population in the same day delivery catchment area

## **2006:** Fulfillment by Amazon Model

Independent sellers could use Amazon's ware houses to fill orders and logistic support

**Business process**: Amazon became a distributor for independent sellers What outsourced in 1995 became the core proposition

## 2000: Sell All, Carry More Model

Expanded the warehouses to more than 10 and stocking more because catchment area got expanded beyond dealers

Business process: Excellent delivery performance and efficient logistics

## 1995: Sell All, Carry Few Model

Offering more than a million books but stocked only 2,000
Amazon forwarded customer orders to book wholesalers/publishers who ship the products with Amazon's packaging material and labels

Business process: Effective dealer relationship

The manner in which the flow of work occurs is called **process**. Each department has its own allocation of work, based on its functions. It is important that these departments work in coordination with each other so that the overall objectives of the organization are achieved. For this purpose, the work process in each department should be designed in a way to avoid conflict among the departments.

Торіс	Course
Process: Delivering customer values and	
satisfaction: Unit 2.3	Marketing management

**Source:** Girotra, K. and Netessine, S. (2013), Amazon Constantly Audits Its Business Model, HBR Blog Network, November 15, 2013