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HOW TO THINK AND ACT LIKE A DAY 1 COMPANY

“...The company should always be in ‘Day 1’ mode. Day 2 is stasis. Followed by irrelevance. Followed by excruciating, painful decline. Followed by death. And that is why it is always Day 1.

– Jeff Bezos, founder and CEO of Amazon

What makes a Day 1 company? According to Jeff Bezos’ [letter to Amazon shareholders in 2016](#), the qualities are: high velocity decision making, true customer obsession, embracing external trends and resisting proxies, that is to say, not letting the business process become a proxy for the business goal.


Mr. Bezos acknowledges that this is “easy for start-ups and very challenging for large organizations.” However Amazon is now far from a start-up: the company accounted for [89 percent of online spending](#) among the biggest holiday retailers in 2017, and reported a record profit of \$1.9 billion in the fourth quarter.

Yet, it continues to look for new business models to disrupt: Amazon, JPMorgan Chase and Warren Buffett’s Berkshire Hathaway have [formed a not-for-profit healthcare company](#) with the goal of lowering medical costs for employees of the three companies and “potentially all Americans.” The news wiped billions off the share prices of the five biggest US health insurers.

“More change is coming,” Joe Berardino, Managing Director of Alvarez & Marsal’s corporate transformation practice, said in [a recent interview with Forbes](#). “Rapid transformation is key, however it is also extremely difficult. The speed and the scale of disruption is of a magnitude where companies must be on the offensive now, and to do that they must constantly reinvent themselves.”

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Day 2 companies, the incumbents rather than the innovators, can learn the following lessons from Day 1 companies: 



FROM THE INSIDE OUT

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Obsessive customer focus: Digitization has transformed the way customers interact with organizations, enabling them to buy or communicate directly on a variety of platforms. It has also raised expectations of transparency and made loyalty a precious commodity. For these reasons, Day 1 companies are obsessive about the customer experience and use every tool available to understand and anticipate customer needs.

A Day 2 company seeking to stay relevant and transform the way it operates must follow suit: “Cost-cutting should eliminate any activities that are not valued by the customer,” says Berardino in [From the Inside Out: True transformation revolves around the customer](#). “Any savings should be considered for investing in the customer experience. When the transformation journey is rooted in the customer experience, it tends to reduce political fighting or turf sensitivities and gets the focus where it belongs.”

High velocity decision making: “Day 2 companies make high-quality decisions, but they make high-quality decisions slowly. To keep the energy and dynamism of Day 1, you have to somehow make high-quality, high-velocity decisions,” says Bezos.

Helping organizations to take hard decisions quickly is a core part of A&M’s work with clients, based on our heritage in restructuring situations where time and resources are severely limited.

As well as organizational change, rapid decision making enables companies to keep pace with digital disruption. Day 1 companies take calculated risks and tolerate failure in the pursuit of innovation. They have a long-term vision for the company, yet remain agile about the best way to achieve it.

“Often Day 2 companies have a culture which produces asymmetric risk: people are punished more for making a mistake than they are rewarded for coming up with a great idea,” says Berardino. “To reverse this, companies must encourage risk taking, and be flexible enough to adjust as an idea or product develops. To remain relevant, they have no choice.”

Disruption can leave businesses lost, but with the right support companies across the spectrum of performance can go on offense against disruptive threats. True transformation will create an operational structure that drives innovation and results.

GOT A QUESTION? CONTACT AN INFLUENCER

ANSWERS ARE ONE CLICK AWAY



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