

For Amazon, it's business as usual despite CEO drama

February 9 2019, by Joseph Pisani



In this Sept. 13, 2018, file photo Jeff Bezos, Amazon founder and CEO, speaks at The Economic Club of Washington's Milestone Celebration in Washington. Jeff Bezos, the world's richest man and CEO of Amazon, is publicly accusing The National Enquirer in a blog post of trying to blackmail him by threatening to release more intimate photos of him unless he calls off an investigation into how that information was obtained in the first place. (AP Photo/Cliff Owen, File)

First it was a heart-wrenching tweet that he and his wife were getting a

divorce after 25 years. Then a tabloid revealed that he'd been having an affair, releasing texts and photos of him and his mistress.

As if either of those weren't distracting enough, now Jeff Bezos—the world's richest man and CEO of Amazon—is accusing The National Enquirer in a blog post of trying to blackmail him by threatening to release more intimate photos of him unless he calls off an investigation into how that information was obtained in the first place.

But despite the all-consuming personal drama, analysts and experts don't expect it to make much difference to Amazon itself, the company Bezos has steered from an online bookstore two decades ago to a worldwide juggernaut.

Michael Pachter, an analyst at Wedbush Securities, estimates the impact on the company to be "0.000 percent."

"I'm certain investors won't care," he said.

Others point out that Bezos has been able to balance his responsibilities at the helm of the world's largest online retailer while also juggling his other pursuits: running a space exploration company and owning the Washington Post, one of the nation's most influential newspapers.

"He's extraordinarily driven," says Chris McCabe, who used to work at Amazon and now runs ecommerceChris, a consultancy for Amazon sellers. "He knows how to delegate."

Amazon has a steady line of longtime executives who are running each of its businesses, likely keeping investors calm.

Jeffrey Wilke, oversees the retail business, and Andrew Jassy runs the company's fast-growing cloud computing business Amazon Web

Services. Both of them have been at the company since the 1990s. And unlike other CEOs, Bezos doesn't speak at conference calls with analysts and investors after the company releases its financial reports, leaving that to Chief Financial Officer Brian Olsavsky, who has been at the company since 2002.

Still, that hasn't stopped the Enquirer from casting doubts over whether Bezos can effectively oversee his company.

"All of these (text) messages raise serious questions about Bezos' judgment as the CEO of the most valuable company in the world," the tabloid said in a Jan. 24 article.

Seattle-based Amazon.com Inc. declined to comment on Bezos. The company's stock did not take a big hit, slipping 1.6 percent at Friday's close.

Meanwhile, the Enquirer's publisher, American Media Inc., is disputing Bezos' claims that it used "extortion and blackmail" in reporting its story, saying that it "acted lawfully."

In his blog post Thursday, Bezos defended his ability to lead Amazon: "I founded Amazon in my garage 24 years ago, and drove all the packages to the post office myself. Today, Amazon employs more than 600,000 people, just finished its most profitable year ever, even while investing heavily in new initiatives, and it's usually somewhere between the #1 and #5 most valuable company in the world. I will let those results speak for themselves."

He also said he wants to focus on work, noting that the person he hired to handle the investigation into how his texts were leaked to the Enquirer will also be tasked with "protecting" his time.

"I have other things I prefer to work on," Bezos wrote.

Bezos' indiscretions are seen more as a personal matter rather than one to do with the company, unlike Tesla's CEO Elon Musk, for example, whose behavior has caused the electric automaker's stock to rise and fall. Musk was recently stripped of his chairman title and forced to pay a \$20 million penalty to the Securities and Exchange Commission for allegedly duping investors with tweets about a plan to take the company private.

"This is very much a matter of Jeff Bezos," says Neil Saunders, the managing director at GlobalData Retail, of Bezos' affair. "It's not really anything to do with running with the company."

David Larcker, a professor at the Stanford Graduate School of Business, says it's up to shareholders and the board of directors to decide just how engaged a CEO is in their work, and whether they should go. Bezos is both chairman of the board and the largest shareholder, owning a 16 percent stake in the [company](#).

Amazon's shoppers, meanwhile, are not likely to take notice.

"I think as long as people can get their Nespresso pods within 48 hours, they don't care," says Scott Galloway, a marketing professor at NYU Stern School of Business.

© 2019 The Associated Press. All rights reserved.

Citation: For Amazon, it's business as usual despite CEO drama (2019, February 9) retrieved 18 April 2024 from <https://phys.org/news/2019-02-amazon-business-usual-ceo-drama.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.