



How Zappos Creates Happy Customers and Employees

Tony Hsieh, CEO and founder, shares his insights and practices

In business, happiness is often seen as a result of profits, not a driver. What happens when this dynamic is reversed and happiness becomes the first line of business? In the case of Zappos, the result is a multi-billion dollar on-line sales company known best for their customer service, free shipping and 365-day return policy. Speaking at the 2011 Great Place to Work® Conference, Tony Hsieh, CEO and founder, shared the philosophies and practices that drive his company's culture, and how it fuels their success.

This Las Vegas-based company's focus on happiness begins with a belief that culture is critical in delivering the "Wow" experiences that create an avid following of people who feel good buying from Zappos and share those stories with others. "We've actually had customers email us and tell us when they get that perfect outfit or perfect pair of shoes, that Zappos is happiness in a box," said Hsieh. "Zappos is really just about delivering happiness whether it's the customers or employees."

So what makes its customers and 1,700 employees happy? In researching the science of happiness, Hsieh discovered that most people don't really know. Many people can say what makes them happy on the surface - a good job, a roof over their head, vacation time, getting what they "want." But what's happiness really about? Hsieh contends that happiness can be boiled down to four things: perceived control, perceived progress, connectedness (meaning the number and depth of your relationships), and being part of something bigger than yourself. Apply this to business and what you have is a company where culture takes first priority - where positive relationships and the ability to make decisions are presented to each and every hire that comes through the door.

"It actually doesn't matter what your core values are," says Hsieh. "What matters is that you have them and commit to them. And by committing to them, you're willing to hire or fire based on them independent of actual job performance."

With five weeks of training and their revolutionary "offer," Zappos walks this talk from day one. At the end of the first week of training, Zappos presents an offer to the entire class - payment for the time they've already spent plus a bonus of \$2,000 to quit and leave the company before they fully assume their roles. This offer stands throughout the entire training and a few weeks beyond. This practice give new hires a unique opportunity to make an educate choices about their own happiness and whether they can fully commit to Zappos.

As Hsieh says, "We wanted employees that really believed in our long term vision and really felt like this was the right culture for them." The conditions of the training encourage people to take a real look at what Zappos is like and to think about a thing like happiness in the larger picture of their overall employment. It encourages people to go home, talk to their friends and family and ask themselves "Is this a company I really believe in? Is this a culture I really want to be a part of and contribute to?"

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Hsieh has managed to infuse an entire company with a similarly deep and universally resonant philosophy of unity and joy, best symbolized by its annual Culture Book. Every year, all employees are asked to write a few paragraphs about what the Zappos culture means to them. This book is unedited to include the good and the bad. Organized by department, the book is given to everyone, allowing each division to see the way the Zappos culture has been absorbed and maintained in each department.

"A company's culture and a company's brand are really just two sides of the same coin." says Hsieh. What goes around the office comes around to the customer. This philosophy is the premise for everything Zappos does and delivers, and it has led to a celebrated customer service culture.

About Great Place to Work® Institute

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We know that the foundation of every great workplace is trust between employees and management. Our Best Companies to Work For lists, employee surveys, culture assessment tools, advisory services, and educational events have made us leaders in helping organizations build high-trust workplaces.

The Great Place to Work® Institute combines our expertise and proprietary tools to help you turn your workplace culture into a powerful source of competitive strength and business success. To learn more, visit our [website](#), [email](#) or feel free to give us a call at 415.503.1234, ext. 380.

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What Zappos Taught Us About Creating The Ultimate Client Experience

 **Barry Glassman**, Contributor

Experience, they say, is the greatest teacher. So when the Glassman Wealth Services' team gathered to talk about how we could improve our own clients' experience, I wanted them to have an excellent example fresh in their minds.

Delivering a Wow Experience

It's no secret that Zappos CEO, Tony Hsieh, has literally written the book on delivering world-class customer service. And the stories of just how far they will go to make a customer happy are legendary. To best understand the intrinsic value that Zappos delivers, I gave each employee a \$100 budget and asked them to order two pairs of shoes from Zappos.com – one to keep and one to return. Then I asked them to share that experience with the rest of the team.



What is Wow?

As we talked about our experience ordering shoes from Zappos.com, we all agreed that the website was simple, easy-to-use, and designed to make the experience very enjoyable. Some of us liked the videos, one of our team members who lives in Uruguay loved the fact that he could order shoes from thousands of miles away, and if they're not right when he next visits our home office in July, he can simply return them without any hassle. Another employee was looking for a very specific type of shoe for a wedding and was able to easily find them. The point is that while Zappos offers thousands of shoes and other products that appeal to a broad audience with diverse needs, their customers are able to easily customize their seemingly unlimited options into exactly what each of them needs and wants.

You can't deliver what your clients want, let alone wow them, until you know what IT is. Zappos has spent a lot of time and money to learn the IT that customers want and then deliver exactly that – enormous selection and convenience, all in an easy-to-use and hassle-free package.

While all of this is great, is it enough to wow?

How to Wow

Knowing what clients want and developing ways to meet those needs is the basis of creating tangible opportunities that exceed their expectations. Zappos invested their money in customer service rather than in expensive marketing campaigns. Their time is spent observing and tracking customer behavior with the on-going goal of creating more personal emotional connections with its customers. This speaks volumes as they put their precious resources (money and time) into creating customers for life.

While Zappos uses technology to make the customer experience easy and hassle-free, they recognize that there are just some things that technology can't do. Nothing can replace the human touch especially when that person is empowered to go to just about any lengths to help the customer. They understand that the customer experience is not singular, but it's in each of those singular moments when interacting with the customer that loyalty is forged or lost.

Like Zappos, we are learning about and implementing better ways to know our clients and their families. By its very nature, working with clients who need help investing their money or developing a plan to achieve specific financial goals is a deeply personal interaction. Beyond this, families can have diverse financial issues that are very complex. So when we offer solutions for a client who is grappling with an aging parent, or advise a retiring widow on the best option for her Social Security benefit that results in potentially hundreds of thousands of more dollars in retirement – these are our wow moments.

By investing \$900, each member of my team experienced a company renowned for their customer service and got a great pair of shoes. More importantly, this exercise feeds our firm's culture of continually evolving and learning new and better ways to deliver excellence to our clients. For me, the return on investment is priceless.

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