

*"Delivering Happiness can help inspire the why of your business,
The Zappos Experience can contribute to the how."*

—FROM THE FOREWORD BY TONY HSIEH

Bestselling author of *Delivering Happiness* and CEO of Zappos.com, Inc.

THE ZAPPOS EXPERIENCE

5 PRINCIPLES TO
INSPIRE, ENGAGE, AND
WOW



JOSEPH A. MICHELLI

#1 NEW YORK TIMES BESTSELLING AUTHOR

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ZAPPOS? WHAT IS ZAPPOS?

I saw Winnie the Pooh running through the parking lot. Yes, I work at Zappos!

—@dylanbathurst (Twitter post)

Unconventional. That's one of the first words people use to describe Zappos. Even the name *Zappos* befits the unconventional character of one of the most transformational business success stories of our time.

In keeping with what you will learn about the unorthodox nature of Zappos, let's get started in a manner that's somewhat different from the beginning of your average business book. I'll quiz you! Fear not; the quiz consists of only one question, there will be no grading, and I have a hunch you'll do well. *Please choose the one response that reflects the best answer:*



Zappos is . . .

- A. an Internet company that began by offering shoes online and went from virtually no sales to \$1 billion in annual gross merchandise sales over a 10-year period, despite minimal advertising.
- B. a purveyor of a wide array of online merchandise, including clothing accessories, home furnishings, and Halloween costumes.
- C. the place where newly oriented employees are offered money to leave if they perceive themselves as not fitting the culture.
- D. a company where being a little “weird” is part of the core values.
- E. a work environment in which every person can offer descriptions of the company’s culture that are published each year in an uncensored Culture Book.
- F. one of *Fortune* magazine’s top 10 best places to work.
- G. the site of numerous spontaneous employee parades and other offbeat, playful activities.
- H. a place where employees are offered classes on using Twitter.
- I. a leader in social networking strategy and execution.
- J. an obsession.
- K. a standard-bearer for authentic and vibrant, albeit somewhat wacky, corporate culture.



- L.** a little start-up company that was sold to Amazon.com for approximately \$1 billion.
- M.** a way of life.
- N.** a place where “happy hours” occur all day long and where shots of Gray Goose vodka are essential to celebration.
- O.** a company that helps other business leaders drive a service culture into their organizations through its Zappos Insights program.
- P.** a movement.
- Q.** the creator of more than 50,000 online product videos annually.
- R.** an innovator of enriched website “user” experiences.
- S.** actually ten companies in one, including training, fulfillment, and website divisions.
- T.** a business where the CEO makes \$36,000 per year, wears jeans to work, sits in a centrally located cubicle, and has well over a million Twitter followers (@zappos).
- U.** a deliverer of happiness.
- V.** a company whose made-up name comes from a variation of the Spanish word for shoes: *zappatos*.
- W.** a place where the Headquarters and Fulfillment Centers host regular and highly sought-after tours.
- X.** a location where a call-center employee’s longest inbound call lasted more than eight hours.



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- Y. a business you must study in order to achieve skyrocketing sales, an enviable culture, and a leadership position in customer service.
- Z. all of the above, and so much more.

Of course the correct answer is Z, which stands for the very different and very much talked about Zappos.

Zappos is certainly different in every good sense of the word. Whether you are a customer who has been “wowed” by lightning-fast service and amazingly personal care, a social marketer who is benchmarking Zappos innovations, a business leader who wants to change a negative or sluggish workplace, or simply a student of powerful social forces, this book will offer you a chance to learn from a company that is changing the paradigm for how to deliver excellent service by embedding that service into its culture. Professor Peter Jackson, author of *Maps of Meaning: An Introduction to Cultural Geography*, wrote, “Cultures are maps of meaning through which the world is intelligible.” At Zappos, leadership has offered a “map of meaning” that produces success powered by a culture of service.

BUZZ AND SUBSTANCE

It seems as if Zappos is popping up everywhere: articles in *Fast Company, Inc.*, *Harvard Business Review*, and *Psychology Today* and coverage on television programs like *CBS Sunday Morning* and *Nightline*. But is Zappos really worthy of your time and study? Are the company’s lessons applicable to individuals whose businesses and lives go beyond online product sales?

Having studied, consulted with, and written about amazing businesses like Starbucks, The Ritz-Carlton Hotel Company, and the World Famous Pike Place Fish Market in Seattle, Washington, I daresay that the Zappos lessons are applicable not only to every business sector, but also to the personal and professional development of people at every level of an organization.

While the media image of Zappos often portrays an over-the-top playful culture that might not seem applicable in your industry or workplace, I challenge you to temporarily suspend your cynicism and explore the possibility that Zappos is neither too casual nor too weird. In fact, employees at Zappos demonstrate a commitment to hard work and excellence that the best companies in the most conservative of industries would envy. Style differences may exist; however, the underlying principles that drive success at Zappos will improve both your company and you. But before you accept my premise, let's make sure that we all understand how Zappos became the company it is today. Through the process of establishing a shared overview, I'll foreshadow some of the lessons any company can take away from spending time with Zappos.

JUST A SLIVER OF PERSPECTIVE

I am not here to give a comprehensive history of Zappos. In fact, no one can tell that story better than Tony Hsieh, the company's CEO. Fortunately, Tony has done a spectacular job of offering personal insights on the evolution of Zappos in his book titled *Delivering Happiness*. While I assume that many of you have picked up that book or will do so, I want to make sure that we all start with a basic understanding of several key elements



that have contributed to the Zappos we are examining today. The Zappos Milestones sidebar provides a more detailed timeline of significant events in the history of Zappos.

Zappos Milestones
1999
<ul style="list-style-type: none">• Founder Nick Swinmurn identifies the need for online shoe distribution and creates a site called ShoeSite.com.• Successful entrepreneur Tony Hsieh meets Nick. Tony invests \$500,000 in Swinmurn's business through a company that Tony cofounded with Alfred Lin named Venture Frogs.• ShoeSite.com becomes Zappos.com, allowing the brand breadth for expansion beyond shoe sales.• Negligible gross sales are reported.
2000
<ul style="list-style-type: none">• Nick Swinmurn and Tony Hsieh function as co-CEOs of Zappos.• Zappos records \$1.6 million in gross sales.
2001
<ul style="list-style-type: none">• Sustained effort produces \$8.6 million in gross sales for Zappos.
2002
<ul style="list-style-type: none">• Zappos leases the Fulfillment Centers in Shepherdsville, Kentucky.• The brand elevates gross sales to \$32 million.
2003
<ul style="list-style-type: none">• Gross sales at Zappos rise to \$70 million.
2004
<ul style="list-style-type: none">• Sequoia Capital infuses a significant amount of cash into Zappos.• Zappos moves its Headquarters and call-center operations to Henderson, Nevada.

2004 (continued)

- Zappos opens its first outlet store in Kentucky.
- Employee input is solicited for the publication of the first “Culture Book.”
- Gross sales at Zappos more than double to \$184 million.

2005

- Sequoia increases its investment in Zappos to a total of \$35 million.
- Alfred Lin, cofounder of Venture Frogs, joins Zappos as CFO.
- A quit-now bonus of \$100 is offered to new hires so that they will consider leaving the company after training if they think they aren't a fit with the culture at Zappos.
- Zappos is named E-tailer of the Year by *Footwear News*.
- Gross Zappos sales double again, to \$370 million.

2006

- Nick Swinmurn leaves Zappos to follow a passion for creating other successful start-up businesses.
- Zappos expands and moves into larger Fulfillment Centers in Shepherdsville, Kentucky.
- Gross sales at Zappos climb to \$597 million.

2007

- Zappos launches a Canadian site.
- Ebags.com's footwear and accessories e-tailer 6pm.com is acquired by Zappos.
- Zappos expands its product categories to include eyewear, handbags, clothing, watches, and kids' merchandise.
- Gross sales at Zappos hit \$840 million.

2008

- Zappos lays off 8 percent of its workforce after investor Sequoia Capital, anticipating a sluggish economy, sends the message to its portfolio companies (including Zappos) that they need to cut expenses as much as possible and get to both profitability and positive cash flow.



Zappos Milestones

2008 *(continued)*

- Zappos Insights is launched to help leaders, managers, and employees from other businesses benchmark Zappos.
- Gross sales at Zappos hit \$1 billion.

2009

- Amazon purchases Zappos for \$1.2 billion.
- At age 10, Zappos debuts on *Fortune* magazine's 100 Best Companies to Work For® list at position 23, making it the highest-ranking newcomer for the year.
- Gross sales exceed \$1 billion.
- Selected as Customer Service Champ by *BusinessWeek* in association with J.D. Power and Associates.
- Finalist for the Customer's Choice Awards from the National Retailer Federation.

2010

- Alfred Lin leaves Zappos to work for Sequoia Capital.
- Tony Hsieh releases his *New York Times*-bestselling book titled *Delivering Happiness*.
- Zappos moves from position 23 to position 15 on *Fortune*'s 100 Best Companies to Work For list.
- Zappos announces that to address its comprehensive business needs (including growth, seasonal workload, and attrition), it will hire 2,000 people in 2011.
- Zappos notes that it will move its corporate Headquarters from Henderson, Nevada, to the City Hall building in downtown Las Vegas.
- Zappos announces that it will open an office in San Francisco.
- Zappos overtakes L.L.Bean as the merchant delivering the best customer service according to the NRF Foundation/American Express Customers' Choice survey.

**2010** (continued)

- Tony Hsieh, Jenn Lim (CEO and Chief Happiness Officer of *Delivering Happiness*) and the *Delivering Happiness* team take a 3-month, 23-city cross-country bus tour to spread happiness, share the message of the book, and talk to people inspired by it.

2011

- Zappos takes top honors in the sixth annual NRF Foundation/American Express Customers' Choice survey.
- Zappos moves from position 15 to position 6 on *Fortune's* 100 Best Companies to Work For list.
- J.D. Power and Associates names Zappos a Customer Service Champion (one of 40 companies chosen from more than 1,000 businesses considered).
- Tony Hsieh and Jenn Lim announce the creation of the company *Delivering Happiness*, whose purpose is to inspire people and organizations around the world to use happiness frameworks in business and in life.

The big idea for Zappos came from little more than the observation of a frustrated consumer. Nick Swinmurn could not find a pair of size 11 Tan Airwalk Chukka boots despite a day of searching across San Francisco. This prompted Nick to wonder whether limited retail shoe selections could be expanded by an online strategy. He posed that very question to Venture Frogs, an investment company formed by college friends Tony Hsieh and Alfred Lin. But would Venture Frogs invest in Nick's idea of selling shoes online? Who would buy shoes at an Internet store without trying them on? The prevailing wisdom was that products like kitty litter (www.pets.com) would sell well online, but shoes?



Product and advertising notwithstanding, Zappos thrived, while www.pets.com became one of the premier examples of the “dot-gone” era. Despite buying a multi-million-dollar Super Bowl commercial and raising \$82.5 million through an IPO in 2000, www.pets.com folded after a short run (from 1998 to 2000). Zappos remains. This just goes to show the importance of high-quality service in sustaining successful businesses.

From its inception in 1999 at the height of the dot-com boom, Zappos had a significant early history of being on the brink of extinction. Out of necessity, the company’s staff members and leaders had to revolutionize a business model, craft an engaging culture, and develop unique operational features. Since I promised only to place the evolution of Zappos in perspective, I will highlight three critical, not necessarily linear, components of the Zappos survival journey. These three targeted historical pivot points offer insights regarding leadership decisions and staff efforts that kept the orders rolling in and the bankers, employees, and customers happy. Each of these pivotal transitions solidified the current Zappos culture and foreshadowed the lessons you will experience throughout the book.

1. Forging a Team with Diverse Strengths

Before Venture Frogs would agree to invest money in Nick Swinburn’s concept of an Internet shoe store, Tony Hsieh and Alfred Lin required Nick to partner with someone with expertise in the shoe business. Nick approached Fred Mossler (now known at Zappos as “just Fred”), asking him to leave a high-paying and stable job at Nordstrom. Fred recounts the unconventional way he was recruited to join the Zappos team: “Nick initially called me posing as a recruiter. He said he had something commerce-



related and was looking for someone with a footwear background. I agreed to meet him at a little bar near the Nordstrom store after work one night. I went in with my suit and tie and looked around for a similarly clad person, and instead, this kid in Boardshorts and a T-shirt ran up to me, saying, ‘Hi, I’m Nick. I’m not a recruiter. I’ve actually just got this idea.’”

Fred goes on to note that he spent approximately two hours with Nick at that initial meeting and was “peppered with questions. It was all ideas and a lot of inquiry as to what was possible and what wasn’t in the shoe business. I wasn’t sure what to make of our meeting, but we did communicate via e-mail for several more weeks.”

Nick introduced Fred to Tony and Alfred, who had capitalized Venture Frogs through a \$265 million sale of their prior business, LinkExchange, to Microsoft. Fred indicates that Tony and Alfred’s prior success “gave me a little more comfort and confidence that there would be some teeth in this business.” For weeks, Fred couldn’t decide whether he wanted to leave Nordstrom to join Zappos, but a major shoe show was about to start, and the Zappos team would need to have a presence at the show to sign up vendors if they wanted to kick off their business and move forward. Fred recounts, “About a week before the shoe show, Nick called and said, ‘Listen, if you’re not going to join us, let me know now. Otherwise, I need you to take that leap of faith.’ At that point, I said, ‘All right. Let’s do it.’”

As Zappos moved from the concept phase to an actual business, Tony, Alfred, Nick, and Fred appreciated one another’s strengths and the importance of collaboration in achieving lasting business success. They merged their vastly different but important resources and set the foundation for the highly collaborative culture of Zappos today. Nick brought a great idea that



identified a compelling consumer need. Fred added traditional shoe business expertise and a rich list of industry connections. Tony and Alfred contributed experience in creating entrepreneurial success, as well as adequate capital to start the company on the right trajectory. In the ensuing years, some of the faces have changed, but *the spirit of a collaborative and diverse corporate culture still offers Zappos a strong competitive advantage.*

2. The Courage to Try to Do What You Think Is “Right”

A great advantage for many Internet retailers is the low overhead they can enjoy relative to brick-and-mortar operations. By relying on their vendors to drop-ship products (send the product out directly from the vendor’s warehouse), Internet retailers can focus their resources on marketing and creating easy user experiences that make their websites more attractive to customers. In this model, however, the Internet retailer loses control of service, as order fulfillment depends upon the vendors’ processes.

Early on, leaders at Zappos realized that buying shoes online created considerable risk and anxiety for consumers and that this anxiety would be worsened if online shoppers had to depend upon the varied delivery practices of the company’s vendors. As a result, the executive team at Zappos made the bold move to do what they felt customers needed. They leased a warehouse close to a United Parcel Service (UPS) shipping hub near Louisville, Kentucky, bought inventory from vendors, and committed to consistent and quick delivery to online purchasers. When efforts to have a third-party vendor oversee the warehouse operation faltered, Zappos took over the Fulfillment Center and, in typical Zappos fashion, used a trial-and-error approach to improve processes and maximize customer service.



The first Zappos employee to oversee the Zappos warehouse, Keith Glynn, notes, “Determining what we think is right for the customer, setting a course in that direction, diving in, making mistakes, and learning from those mistakes represents a lot of how Zappos was created. We went through the development of our own processes at the Fulfillment Center and figured things out as we went.”

Among the many challenges that Keith and his team faced were the ability to code every item that came into the Fulfillment Center individually, the determination of which scanners were needed to manage inventory and locate items easily, and the selection of the best ways to stack and store merchandise so that the staff could fill orders quickly. Former COO and CFO Alfred Lin puts it this way: “The one thing that I think Zappos has done really well is to have a culture where you try new things, make mistakes, minimize the costs of those mistakes, but learn from them so that you don’t make the same mistakes again.” Keith and his team pioneered many breakthroughs as a result of their resilient approach, and today others frequently benchmark the processes of the Zappos Fulfillment Centers.

The Zappos story is rich with examples of its leaders thinking beyond the short-term profits of the company and targeting what they believe is right for their customers now and into the future. Once the customer’s need is identified, leaders at Zappos demonstrate a consistent track record of assuming growth-oriented risks and making costly investments in areas like inventory management and customer service delivery. In the chapters ahead, you will be provided opportunities to learn from the customer-centric practices at Zappos to *deliver products or services as efficiently as possible*. You will experience a nimble company that is not afraid to set lofty service goals and learn from its miscalculations.



3. Passion, Determination, and Humility

During the most arduous and desperate times in the early evolution of Zappos, Tony Hsieh became increasingly more involved with and committed to the company. From what started as a fairly hands-off approach to Zappos operations, Tony became more instrumental in the daily affairs of the business. Through his passionate increase in effort, and ever-dwindling financial resources, the brand averted one near-death experience after another.

Whether it was moving a fledgling Zappos into the Venture Frogs office space or extending extra personal money so that Zappos could make payroll, Tony led by example. Rhonda Ford, one of the first employees hired at the Zappos Fulfillment Center, notes, “It was tough going early on. When I pulled into the parking lot for the first time, I wasn’t sure if I was in the right place because there wasn’t even a sign. The leaders handed me a scanner and said my job was to verify the orders that came down the line. That was my training. But the care and compassion I have experienced ever since has been amazing. In those early days, Zappos leaders helped our small team of about 20 people set up the Fulfillment Center. From the beginning, those leaders demonstrated concern about us, seeking to know us personally. Tony was right there. He expressed genuine interest in our kids and our hobbies. Tony and the other leaders have always treated us as equals. We are all Zappos. Leaders have never been too self-important to pick orders or to run across the warehouse so that a customer’s item makes it on the delivery truck. We follow the leadership’s example of dedicated effort. Zappos used to operate on very tight resources, but something about our leaders’ humility and persistence gave me comfort that we would make it.”

Zappos would not be around today were it not for the presence, dedication, and humility of the company's early leaders. Additionally, Zappos would not be worthy of study if it weren't for its rich culture of determination and emotional investment demonstrated daily by all staff members (Zapponians). In many ways, individuals and companies facing early adversity that thrive against the odds often learn *it pays to be humble, impassioned, and persistent*.

ZAPPOS UNIQUE VALUE PROPOSITION—MORE THAN WORDS: ACTION AND PEOPLE

The leaders at Zappos have the all-too-rare distinction of practicing what they preach. This is particularly true when it comes to service, values, and culture. For all the leadership hype about service being a priority across the business landscape, Sherrie Mersdorf, senior database marketing analyst at Cvent, notes, "The quality of customer service has been on a serious decline for years. Research from TARP Worldwide and the American Customer Satisfaction Index both agree." By contrast, at Zappos, where the tagline is "powered by service," the strength of service behaviors is resulting in customer engagement scores that continue to rise and customer loyalty that has fueled the company's steep sales escalation.

When it comes to culture and values, CEO Tony Hsieh might sound somewhat like other leaders by referring to his company's values as being "synonymous" with the Zappos brand. However, Tony also understands that it takes far more than words to produce a values-based culture; "The best way to know the Zappos culture is to take a tour or interact with our people.



Values are not what we put on paper; they're what people do and how they feel doing it."

From the inception of the company, Zappos leadership understood the importance of feelings in determining behavior. For example, the leaders continually seek to translate values into feelings of "trust" for all stakeholders (vendors, employees, and customers). Trust at the customer level takes the form of free returns, sending out a new order to replace a yet-to-be-returned item long before that item is received back at Zappos, and honoring returns up to 365 days from date of purchase. While many traditional business leaders might view these Zappos "trusting" policies as unnecessary expense, Zappos has structured its approach in a well-designed cost strategy.

According to Alicia ("AJ") Jackson, a Customer Loyalty Team (CLT) member, the trust experienced by customers is also reflected in the faith extended to staff, "Our leaders put such a great level of trust in us to do the right thing without hemming us in through scripts or unnecessary rules. They also encourage us to grow and have fun with our peers. Because of the way we are treated, Zappos gets the best from us, and so do our customers. Obviously, some people will violate trust, and you can manage that when it happens, but that doesn't justify distrusting. You get so much in return when trust is extended—you get wow."

By making consistent choices to trust staff members and customers in often small but unexpected ways, the leadership at Zappos has essentially created customer wows, a loving family environment, and an enriched customer experience. Some Zappos customer communiqués even sign off, "With love, The Zappos Customer Loyalty Team." For some, "love" may seem like an odd concept in the context of business, but in the words of Peter

Senge, author of the classic business book *The Fifth Discipline*, love is nothing more nor less than “a commitment to someone else’s growth and development.” Zappos lives that commitment to staff members, customers, and vendors alike.

How far will Zappos go to earn trust and love? What measures will it take to live up to a core value of “delivering wow through service”? One need only look to how the company’s leaders handled a major pricing error. The situation is best described in the words of Aaron Magness, senior director, Brand Marketing & Business Development, in a blog post on the Zappos Family blog site immediately after the error occurred:

Hey everyone—As many of you may know (and I’m sure a lot of you do not), 6pm.com is our sister site. 6pm.com is where brandaholics go for their guilt free daily fix of the brands they crave. Every day, the site highlights discounts on products ranging up to 70% off. Well, this morning, we made a big mistake in our pricing engine that capped everything on the site at \$49.95. The mistake started at midnight and went until around 6:00 am PST. When we figured out the mistake was happening, we had to shut down the site for a bit until we got the pricing problem fixed.

While we’re sure this was a great deal for customers, it was inadvertent, and we took a big loss (over \$1.6 million—ouch) selling so many items so far under cost. However, it was our mistake. We will be honoring all purchases that took place on 6pm.com during our mess up. We apologize to anyone that was confused and/or frustrated during



our little hiccup and thank you all for being such great customers. We hope you continue to Shop. Save. Smile. at 6pm.com.

Cheers!

Aaron Magness

Something tells me that, unlike Zappos, many other companies purporting to have customer- and employee-centric values would not have shown this much “love.” Those businesses would probably have found a way to invalidate the errant purchases (possibly offering a token coupon to offset the blow of the canceled sale), and they certainly would have dismissed or reprimanded the responsible employee (as opposed to seeing it as an opportunity for that employee’s growth and development). To be trusted, one must trust. To become a beloved brand, business leaders must demonstrate their genuine interest in the well-being of their staff members and customers. Whether for business or in one’s personal life, Zappos demonstrates that love and trust can’t be commanded or demanded and that they must be offered if they are to be received.

Because leaders at Zappos demonstrate a commitment to the growth and development (“love”) of their company’s employees and their customers, consumers and staff return their love for Zappos through consistent referrals, positive social media chatter, and repeat business. This loyalty, resulting in 75 percent of orders each day being placed by returning customers, allows Zappos to spend less on marketing and advertising and instead invest more in truly delivering wow through service.

Building a vibrant culture, living in accordance with one’s values, and translating service directly into loyal return business

are but a few of the many differentiators between Zappos and other well-intentioned companies. I have come to call the totality of these differences the “Zappos Experience.”

A comprehensive expression of insider views can be found each year in the Zappos Culture Book, which is available free of charge to anyone who wants one. Go to <http://culturebook.org> or if you have QR reader software installed on your mobile phone camera, point the camera at the box provided here and head directly to the site.



WHAT IS THE ZAPPOS EXPERIENCE?

There is no shortage of opinions from both inside and outside Zappos as to what constitutes the Zappos Experience. For our purposes, I will offer just a few voices of Zapponians on the Zappos Experience.



CEO Tony Hsieh shares, “If you want to know the Zappos Experience, look to our 10 core values.” Former COO and CFO Alfred Lin comments that the Zappos Experience is “about getting the culture right so we can treat the customer right. If we do the right thing for the customer and improve the customer experience, everything else follows.” Fred Mossler, “just Fred,” suggests, “From a merchandising perspective, the Zappos Experience is a great opportunity, a blank slate to hopefully set up the utopia and create a world where it’s win/win. It’s also about putting people’s passion in a place where they have the greatest likelihood to deliver excellent results.” Chris Nielsen, the current CFO at Zappos, who joined the company from Amazon after Alfred’s departure, describes the Zappos Experience as the reaction he gets when he mentions that he works for Zappos: “It’s an emotional connection. When I talk to people about working here, they don’t mention our products as much as they say, ‘I love Zappos.’”

A sampling of Zappos employees produced the following descriptions of the Zappos Experience:

It's not about selling merchandise. I don't even think of us as a retailer. To be honest, the Zappos Experience is about wanting to change the world and the way people are treated in business.

Rachael Brown, Pipeline Team

It is working hard but also taking mini-play breaks. It is leadership understanding that fun helps to get things done and that happy employees give so much more. It is a family. My husband is disabled. I lost my father recently. I lost a brother

at Christmas. The fact that I can come to work and have fun is central to the quality of my life. The Zappos Experience is something I thank God for every day.

Mary Johnson, Zappos Fulfillment Centers

Put simply, it's the freedom and the expectation that you will do the right thing for people.

Jeff Lewis, Customer Loyalty Team (CLT) member

Maybe the best way to appreciate the Zappos Experience is through an example of the way Zappos staff members do the right thing for people—customers and noncustomers alike. Jesse Cabaniss, CLT member, notes, “A customer called and shared that her neighbor’s house had just burned down. In an instant, our entire CLT voluntarily went into action. We took up a collection for our customer’s neighbor. We looked for items that could help them or make their day. It wasn’t so much about money; it was about compassion and encouragement. So we put cards, heartfelt messages, Zappos T-shirts, etc., into a big care package. I know a lot of people would think it odd to do something like that for a stranger or someone who isn’t likely to produce a profit for you in return, but that’s just the way we do things here at Zappos. The company takes care of us. We take care of one another and even care for the people we happen upon.” Although the staff expected nothing from their efforts, Jesse happily reports, “We received a thank-you e-mail and even a video from our customer and the family whose home had burned down. I think everyone in the company saw that video. It was playing all the time, and it was a reminder of why we are here and what it means to work at Zappos.”



I have often suggested the measure of you as a person is what people say about you when you are not around. This is equally true for brands. Many customer voices are included throughout the book, but it seems only fitting, given the innovative use of Twitter at Zappos, to share how some customers “tweet” their take on the Zappos Experience in 140 characters or less:

@ptubach

Went to an Indian restaurant that gave me a free beer for showing up too early to get my food. This place is like the Zappos of Indian food!

@kaydtastic

Ordered boots from zappos last night at midnight, and they've already shipped. It happens that way every time, but it still amazes me!

@stevencstud

Me: We should get an Au Pair

Her: What if I don't like her

Me: We send her back to where she came from

Her: This isn't Zappos!

While not everything can be returned as easily as Zappos products, one thing is certain: customers keep returning to the Zappos website to place orders, and they encourage their friends and colleagues to do the same.

From my perspective, the Zappos Experience reflects a culture that is committed to impassioned service delivery, transparent communication, acceptance of differences, and

weirdness—a highly playful, highly productive, and innovative business where staff members and customers become fully engaged and emotionally connected.

YOUR UNIQUE OPPORTUNITY TO GET ZAPPED

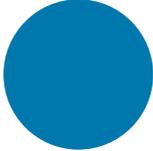
Since the company acts from its values to “build open and honest relationships with communication” and to “pursue growth and learning,” I have been given the opportunity to guide you through one of the wackiest winners in business history. To that end, I have identified five core business principles that I will use as a map for your behind-the-scenes exploration of the company. This inside look reveals how you can elevate service excellence in your business and your personal life. While these principles may seem fairly easy to grasp, applying them consistently may prove challenging. Typically it is consistent execution that differentiates a Zappos from other well-meaning yet average businesses or mediocre individual service providers.

From my perspective, the Zappos Experience can best be described as adherence to the following business precepts:

1. Serve a perfect fit.
2. Make it effortlessly swift.
3. Step into the personal.
4. S T R E T C H.
5. Play to win.



With the expedited velocity of an order being processed from the Zappos website immediately to your door, let's dive into each of these concepts and together learn how Zappos can help you zap your leadership, your culture, and your service, be it professional or personal, to the next level!



CONCLUSION: ENDINGS, BEGINNINGS, AND YOU



In just a few pages, this exploration of Zappos will come to a close. While that appears to be an ending, it truly represents a new beginning on your journey to fire up a service movement in partnership with your staff and customers. Before we examine ways for you to personalize the application of the unconventional wisdom of Zappos in your setting, let's first look at the opportunities and challenges Zappos itself faces into the foreseeable future.

In the span of a decade, Zappos leadership has taken a fledgling idea and parlayed it into a billion-dollar business known for service, culture, and delivering happiness. While this rapid success is noteworthy, in the overall context of business longevity,

the company is relatively youthful. When I think about the accomplishments of Zappos, the words of Winston Churchill come to mind, as he suggested that failure is not fatal or success final. The leaders at Zappos have managed small failures well, but many questions remain on how well they will manage their runaway success.

Tony Hsieh, Zappos CEO, notes, “We have been fortunate enough to make a number of sound choices on behalf of our staff, our customers, and our overall business, but we have a lot more to learn.” Much of the immediate “learning” at Zappos is likely to be from reciprocal opportunities that will occur as a result of its relationship with Amazon. While each company is likely to learn from the other, both Amazon and Zappos will also have to maintain their uniquely different, albeit aligned, cultures. In fact, Amazon CEO Jeff Bezos notes, “The culture and the Zappos brand are such assets. . . . There is a lot of growth ahead of us with Zappos, and I am totally excited about what can be accomplished over time.”

Maybe the greatest challenge Zappos leaders face is the adjustment required when going from a charming business outlier to an expanding, mature business benchmark. While many people root for you in your start-up phase, some will become tired of hearing about your thought leadership, or they will become suspicious, critical, and envious as you gain size and prowess. Moreover, as leaders and staff members take pride in the very successes that lead to business growth, everyone can be lulled into a false sense of security.

In his book *How the Mighty Fall*, bestselling author and business consultant Jim Collins outlines his research on the stages of business meltdown. The first of Jim’s stages, “Hubris Born of Success,” focuses on corporate pride, which often emerges before

a fall. Jim suggests that yesterday's success, in many ways, can be one of the biggest hurdles for tomorrow's accomplishments.

While Zappos is certainly not immune to failure, the company is well positioned to circumvent significant pitfalls simply by adhering to one of its most crucial and unusual values: "be humble." Jennifer Van Orman, Zappos software engineer, reflects, "My favorite value is 'be humble.' I have never worked in a department with so many geniuses. Really smart people surround me, and none of them are divas. No one is ever too busy to help anyone else out. There are no egos around here. That's refreshing."

Unlike other successful businesses, where pomposity and vanity have been an Achilles heel, Zappos is likely to sustain its success as long as people like Tony Hsieh continue to demonstrate the curiosity, humility, and service described by a Zappos senior user experience architect: "I was working in Kansas City for another company, and I met Tony Hsieh following his presentation at a conference I was attending. The day after Tony spoke, the conference was coming to an end. As I looked out the window getting ready to leave the conference venue, I noticed that it was raining and resigned myself to getting wet. To my surprise, at the door of the conference center was Tony Hsieh, the CEO of Zappos, giving out ponchos. As he handed one to me, I thought, 'Wow—they *anticipated* the weather and my need.' That's something I have never seen from senior leaders at any other business, and I wanted to work for and be a customer of Zappos."

ZAPPOS PLUS YOU

Since we constantly synthesize information as we acquire it, I suspect you have been thinking about how to bring the best of the Zappos Experience to your life or your business. But how do



you translate that thinking into an action plan? In keeping with Confucius's observation that "a journey of a thousand miles begins with a single step," how do you decide on the step that is best for you?

While I can't hand you a poncho in anticipation of a rain-storm, I did anticipate that you and other leaders in your organization might benefit from a comprehensive assessment and action-planning tool to help you evaluate and drive change in areas such as

- Values viability
- Culture strength
- Operational excellence in service
- Brand elasticity
- Work stress reduction/employee pleasure enhancement
- Other areas related to lessons from *The Zappos Experience*

You will find your Action Assessment Toolkit titled *How Zapponian Are You?* at zappified.com/action or via the QR link given here.





Whether you elect to use the assessment and action-planning tool, decide to sign up for Zappos Insights (using the complimentary membership provided at the back of the book or joining directly by going to www.ZapposInsights.com), or dive directly into an area of obvious need, allow me to offer overall guidance about benefiting from the Zappos lessons.

- 1. Refine it to meet your need.** Anything from Zappos that you might wish to incorporate into your business must be filtered through the lens of what will make it work for you. It is important that you conduct some level of self-assessment and do not simply mimic Zappos. For example, rather than adopting the Zappos 10 core values as your own, it would probably be better for you to emulate the process that Zappos used for uncovering and formalizing values that are already operating in your culture.
- 2. Think about the unconventional.** While I certainly hope the preceding pages gave you ideas for ways to make incremental improvements in your business, I want to make sure that the underlying message of “big idea focus” is not missed. *The Zappos Experience* is a story of leaders who did not set out to follow a cookie-cutter template on how other online retailers were achieving short-term success. Instead, it is a lesson about leaders who passionately pursued goals that had a long-term timeline and resulted in a transformational legacy.

WHAT'S YOUR LEADERSHIP LEGACY?

Zappos is no longer in the shoe business; it is in the happiness business! Its leaders became passionate about a goal that transcended

products or processes. Those leaders shifted their attention from business success to transformative objectives and, in the end, elevated their significance and their legacy. Columnist and author Irving Kristol once suggested that leaders need to define that “one big thing and stick with it. Leaders who had one very big idea and one big commitment are the ones who leave a legacy.”

I am an advocate of taking the time to think of that “one big thing” that you want to accomplish as a leader and forging your own “leadership legacy statement.” Leadership guru John Maxwell suggests, “People will summarize your life in one sentence. Pick it now.”

When asked about a Zappos legacy statement, Tony Hsieh said, “I hope that Zappos can inspire other businesses to adopt happiness as a business model—letting happy customers and happy employees drive long-term profits and growth. Ultimately, it’s all about delivering happiness.”

So what’s your leadership legacy statement? Go ahead and write it down—but, more important, live it! If you do, you truly will understand the transformational power of *The Zappos Experience*.