

The corporate zappos culture in business



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\n[[toc title="Table of Contents"](#)]\n

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1. [Zappos' Organisational Culture using Culture Web](#) \n \t
2. [Culture as belief system](#) \n \t
3. [Using Loyalty Business Model](#) \n \t
4. [Zappos' HR Strategies](#) \n \t
5. [Linking HR Systems to Zappos' Business Strategy](#) \n \t
6. [Control and Performance Measurement System for Zappos](#) \n \t
7. [External Controls](#) \n \t
8. [Internal Controls](#) \n

\n[/toc]\n \n

Earlier with a boom in e-commerce the idea of selling shoes online was not much appreciated. No one wanted to buy shoes online as it was difficult to find a perfect pair and there were hassles of returning shoes through mail. Looking at the huge market potential in US and popularity of online industry, Nick Swinmurn clicked with an idea to start an online shoe retail store which would make shopping more simpler and hassle free. Hence Zappos, earlier known as Shoesite. com got a first mover advantage. Tony Hsieh, an entrepreneur since young age joined this company as CEO when he was just 27 years old[2]. In his own venture Link Exchange he had learnt that culture and job satisfaction was more important in a company over monetary growth[3]. He reinforced the organisation culture and made Zappos stand where it is today.

Today, Zappos is an organisation which has managed its incredible growth in a short span of time; this is mainly because of its unique organisational culture. Under the leadership of Tony, Zappos focused on delivering superior customer service over marketing and to achieve this they designed a culture which would drive this goal. Before analysing Zappos culture let's have a look at its competitive industrial positioning using Porter's 6 forces.

Zappos once was just another internet company until it realised that it is not only competing with online companies but also with retail stores[4]. Tony realised that there was need of some kind of differentiation which would help suffice the strong buyers force. This is when Zappos came up with its core values to strengthen its culture and focus on exceptional customer services.

The core values were the base for all the key decisions at Zappos and they actively managed their culture based on the below mentioned core values:

As per Burns and Stalker's organic model, innovative organisation like Zappos tend to develop Organic culture because the creative employees needed for innovation cannot be burdened with bureaucracy and control.

According to Goffee and Jones' sociability/solidarity model, Zappos' organic culture can be a mixture of networked and communal cultures which has both high solidarity and sociability. In Zappos, the degree of sociability is high as the environment is friendlier where employees are given liberty to work the way they want without any pressure of achieving targets.

Employees at Zappos also possess the solidarity culture as they cherish and implement the 10 core values effectively to achieve the common goal of the company[5].

Zappos' Organisational Culture using Culture Web

Zappos' organisational culture is a broad term used to describe the psychology, attitudes, experience, beliefs and values of its organisation. Zappos has a strong culture where staff responds positively to stimuli because of their affinity to Zappos' organisational values. Zappos' organisational culture can be theoretically mapped as, the Work/Play hard culture,[6]Brand Congruent culture[7], Constructive culture.[8]These terms can all be used to label Zappos' culture and its key parameters are as follows. In Zappos, members are encouraged to interact with people and approach tasks in way that help them meet their higher order satisfaction needs. The staff also believes in the product or service of the organisation. They like what their company is trying to achieve and co-operate to achieve it. They are passionate and seem to have similar goals. They use resources available to them to proactively solve problems. There are also few risks taken coupled with rapid feedback. They have team meetings, company jargon, and buzzwords. They all strive for the highest quality customer service.

To identify various elements of Zappos culture, a Cultural Web[9]is used.

Stories: The past events and customer satisfaction stories mentioned both in and out the company. Zappos places immense value on these and portrays this as examples of target behaviour.

Rituals and Routines: Zappos has outlined expected behaviour in given situations and lets staff know what is valued by the management.

Symbols: Zappos uses whacky visuals, funny logos, and humorous pictorials to represent its culture visually.

Organisational Structure: Zappos tries to retain a highly informative and fun filled organisational structure and attempts to indicate what contributions are most valued.

Control Systems: Zappos has controls to monitor the way the organisation functions. These include financial systems, quality systems and rewards.

Power Structures: Zappos tries to instil a varied power structure where each staff member has some amount of influence on decisions, operations and strategic direction.

Culture as belief system

Tony observed if they get their culture right that would ultimately result in repeat customers and word of mouth. Values and belief systems are not only important for Zappos' culture but also for its architecture as analysed in below table. It shows how some of the most important key elements fit in this cultural and architectural web of Zappos and contributes to the competitive success of the organisation.

1. This is evidenced as the employees are given complete transparency and are urged to communicate openly. Tony started an online service called Zappos Insights wherein one can find all the insight information. Moreover, all the decisions taken during lay-off were also revealed on Twitter.

2. Employees are encouraged to delight customers by going out of the way to deliver best services. They handle the calls without scripts, pay more

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attention to customers' queries and personally interact with them through means like Twitter. Employees take risks and are not afraid of making mistakes. To achieve this element, neither are they pressurised to achieve targets nor are their call durations measured.

3. Zappos managers are encouraged to spend up to 20% of their time on team building activities. They also make sure that all the employees work without any stress. An employee can also appreciate other employee's work with a reward of \$50 as bonus. Apart from this, there are other rewards like employee of the day and other benefits like medical coverage, free lunch, beverages etc. This is done to inspire new ideas and creative thinking. They are also free to write stories about their experiences and Zappos' culture in a culture book.

4. It's not about what you say to your customer, it's all about how you made them feel. Zappos pleased its customers with easy to navigate website, wide patterns for searching, wide range of shoes and speed of delivery. Moreover they delight their customers by free both way shipping, 365 days return policy, 24/7 customer service. They surprise customers by sending cards and bouquets if they get to know about any special occasion which in turn makes the experience memorable.

These are the main elements which links the mentioned components in Zappos culture and architecture. All these elements are focused on achieving one common goal i. e. company's consumer based competitive success[10].

Using Loyalty Business Model

Further, as per Tony, the basic business model followed by Zappos is:

Culture -> Customer Service -> Word-of-Mouth Marketing ->

Revenue/Profits[11]. This model is very much similar to the Loyalty Business Model derived by Reichheld, F.[12]

The 10 core values that defined the Zappos culture were derived by employees themselves and that has played an important role in terms of employee satisfaction and hence it is ultimately reflecting in excellent customer delivery. This culture brings up customer satisfaction and loyalty which can be seen by the rate of repeat customers. Employees are instructed to direct customers to competitors if their desired product is not currently available with Zappos which in turn helps in building up customer loyalty. Zappos, so far have been successful in building a strong customer loyalty base which helps in its promotion through Word-of-Mouth Marketing. All this helped Zappos pursue growth in terms of high revenue and profits and achieve competitive success.

Zappos' HR Strategies

After analysing Zappos' culture, let's move to the HR strategies followed by them. Zappos' work culture is filled with workers who have been selected and trained in such a way that they conform to higher involvement model[13] of HR systems. In an idealistic scenario the employees are motivated more about the job than about the monetary benefits of the job. These employees have a lot of freedom at the work place and this maximizes discretionary behaviour.

As can be seen from Zappos remarkable success there is a strong employee-company relation and a sense of bonding which leads the employees to work independently and at the same time map the company goals into their daily work routines, on their own[14].

Linking HR Systems to Zappos' Business Strategy

Zappos HR strategies have played an important role in its remarkable success. Shown below is the Business Strategy model which will analyse the strategies used by Zappos and link between different components of HR and Non-HR strategies followed by Zappos.

Under people management, Zappos seeks for the people who believe in its core values and have a passion for providing outstanding customer service. People are tested on technical skills as well as on cultural fit i. e. creativity, individuality, etc. Successful candidates are given 4 weeks of training. Good performance is appreciated by rewards, employees are also given counselling if they are under stress.

People management process at Zappos provides employee with perfect AMO scenario. Ability to the employees is provided by the imparting rigorous training which also includes on training over phones. Motivation is provided by rewards, events and other benefits. Zappos emphasises on giving equal Opportunities to the employees by giving them the liberty to work the way they want. The call duration is not measured and they do not work on scripts.

Critical HR goals for Zappos comprises of confirming that excellent customer service is delivered, employees are satisfied, core values are followed, customer relations maintained etc.

On Non-HR side we come across the relevant management processes followed at Zappos. The main mode of marketing for Zappos is Word-to-Mouth which is the result of customer loyalty. Zappos operations includes: 365 days return policy, free shipping both ways, 24/7 customer service, warehouses running for 24 hours, etc.

Customers are pleased with Zappos website because it is very simple, user friendly and it takes less than a second to load a page. Moreover it also offers 1095 brands of shoes, various searching patterns and 7 views from different angles.

Main Critical Non-HR goals consists of ensuring all the resources are utilised effectively, all the policies are in place and followed throughout, customers are satisfied, rate of repeat customers is always rising etc.

The above mentioned HR and Non-HR processes and goals leads to the main Business Goals which includes: achieving high sales and hence profitability, increase in customer loyalty and the number of repeat customers, and attain and maintain a number one position in the industry. Now, after analysing Zappos' business strategies we can say that it has high competitive advantage as well as viability in this underlined industry.

Control and Performance Measurement System for Zappos

As seen in culture as belief system, architecture is also important to track the progress towards the objectives. Control systems are used to make sure that strategies and architecture are having desired effect and also they are efficient[15].

External Controls

For Zappos, societal controls are mainly placed by the consumers. Zappos takes into consideration, the expectations of their customer i. e. excellent customer service. Zappos help reduce customer efforts and hence increase loyalty. Looking at the market controls, though Zappos is surrounded by competitors it has been successful in holding its customers and achieving growth till now.

Internal Controls

Internal controls were developed keeping an eye on the customer expectations and other external controls. Zappos' culture was developed to meet the objectives and design the way in which organisation should perform. Zappos' main aim is to deliver 'WOW' through service and hence culture is designed such that employees are free to work the way they want in order to come up with creative and innovative ideas. Zappos also have its reward system in place where employees are awarded on good performance and they also get other benefits like medical coverage, free snacks, beverages etc. Employees are also trained to tackle particular situations and how to produce excellent service. The organisation is also governed by output controls that also check the adherence of the service provided towards the goal of the organisation (Line of sight congruence).

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This balance scorecard which is derived from the strategy map shown above is used as a control system for Performance Measurement System. As shown in the table financial perspective is dependent on ROCE, number of customers.

Customer perspective is governed by C-SAT%, repeat customer%, average purchases by repeat customers, etc.

Operational perspective is dependent on minimum both cycle time and lost business%, and effective use of all company resources.

Labour perspective is driven by productivity of human resources and is measured by matrix such as staff turnover, attrition%, etc.

Innovation and Learning comes from the Culture book utilisation, suggestions implemented, income from new brands, other innovative programmes, etc.

Thus we have looked into Zappos' unique work culture and its customer service focus which has made it an astounding success.