

Organizational structure: zappos



The organizational structure of Zappos.com is revered as one of America's most innovative corporate cultures. The unique structure of this company has been so successful that they have a department for business-to-business consultations that assist other companies interested in adopting the model into their own organization. From a struggling start-up business to a \$1.2 billion merger with Amazon.com, the company has remained true to its value of “delivering WOW through service” not only to its customers but also to its employees as well.

Although there are hierarchical levels, there is a sense of transparency that alleviates the stress of authority figures. Though this type of structure may have worked for Zappos, it is not the only type of structure to generate success and its success is not based on structure alone. In terms of organizational structure, Zappos would be considered a flat decentralized organization. When an issue surfaces, the employee closest to the problem is empowered to make a decision (Eckel, 2011). This creates flexibility for the company so that they can respond to any issues that arise in a timely manner.

The integration of the differentiated units within the company is so streamlined that teams can be mixed and reformed occasionally without a hitch. CEO Tony Hsieh wrote a book about delivering happiness and incorporated its practices into the company model. To create customer loyalty, Hsieh established a work environment that emphasizes team building and family as a priority. The lines of authority are far from blurred here. Senior managers' cubicles blend in with the workforce and are referred to as coaches who help solve problems instead of barking out orders.

Alternatively, a company such as Apple thrives in a tall organizational structure with centralized decision made from the top down. Unlike Zappos, the CEO Steve Jobs required more control. During the timeframe that Steve Jobs was the CEO, he had control of almost all decision-making that could affect the company. In 2008, Apple released an e-mail synchronization program called MobileMe on the iPhone that was supposed to rival that of BlackBerries e-mail program. Unfortunately, the debut of MobileMe was a flop.

A very disappointed Steve Jobs summoned the MobileMe team, proceeded to berate for half an hour, and then appointed a new executive to run the group on the spot (Lashinsky, 2011). To the masses of devoted Apple product users, working at Apples' campus would be geek heaven. However, according to Lashinsky (2011), " Apple also is a brutal and unforgiving place, where accountability is strictly enforced, decisions are swift, and communication is articulated clearly from the top. " Organizational structure is not always so cut and dry.

These days, more and more organizations are looking to flatten their hierarchy to pursue a collaborative environment. Google's organizational structure, like Zappos, is flat with low levels of management. Google encourages employees to take initiative without needing approval from multiple levels of managers. To inspire the spirit of innovation in its employees, Google came up with the 70-20-10 rule. Frenz (2013) states, " They have the freedom to spend 70 percent of their time on current assignments, 20 percent on related projects of their choosing, and 10 percent on new projects in any area they desire.

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Employees have the freedom to set their own goals and change their parameters as needed. The managers at Google help facilitate the staff's inspirations and assist employees in reaching the objectives they have set. This style of management and organizational structure has put Google on the list of one of the best places to work. That, the free gourmet food served in their cafeteria, and other benefits to enhance productivity in the work environment keeps Google employees motivated and invested in the success of the company's goals. However, there are many organizational functions that that can affect the structure of a company.

CEO Tony Hsieh wants to do one thing. He wants to deliver happiness. From the marketing department and human resources all the way to the Zappos brand loyal customers, happiness is what he delivers. Zappos' marketing strategy lies within the company's 10 core values. In fact, these core values are reflected throughout every fragment of the company. One of the core values is to create fun and a little weirdness. It is said that one of the questions asked by the HR is for the person being interviewed to scale their weirdness from 1 – 10 (Eckel, 2011).

Zappos HR department hires people to fit the company's culture. One of the interesting aspects of how Zappos markets for employees is that during the 5-week training course, Zappos will offer the applicant \$2000 to quit anytime during the course if he or she believes that it is not right for him or her. A very low percentage of people take the money after seeing how the company operates. The way it operates is it is designed for service. The organizational design of Zappos service starts from within the company then spreads out to its customers.

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Zappos has been known to go to extremes to provide the best customer service experience for its customers. That starts by creating an environment that people genuinely want to work at. Employee wages are just below market rates, but the tradeoff is 100% paid health care coverage by the company, an on-site chiropractor, and even designated rooms for taking naps during work. According to "The World Of Organizational" (n. d.), "Zappos. com ranked number 6 on Fortune's 2011 '100 Best Companies to Work For' list. Hsieh helped create what Stanford University's Jeffrey Pfeffer calls a 'people-centered' organization.

Service may not be the only part of the organizational design, but it is the most predominant influence in the organization's structure of Zappos. Many factors influence the organizational structure of Zappos. com. To maintain its flexible design, the company adopted an unorthodox method that has led it to be one of today's leading business models that other companies want to emulate and the most sought-after place to work. There are many structures that a company can base its design off, but this is the design that meets the organizational needs of Zappos. com.