



CULTURE SHOULD BE A VERB

Up to this point in our exploration of Zappos, we have analyzed the way the company highlights the importance of its corporate values to prospective applicants, how it creates multiple levels of screening to sift not only for technical skill but for culture fit, and ways leaders design informal and formal aspects of the selection process to assess the likelihood that a prospective employee will thrive at Zappos. But what happens once it is determined that an applicant either fits or does *not* fit with the Zappos culture? This chapter demonstrates important next steps in what is a continuing gauntlet of new hire orientation and values education. It then shows how this critical piece fits into the big picture, by outlining the constant care and feeding of the Zappos culture that occurs daily at all levels of the organization. By focusing on the Zappos onboarding process at the

Nevada location, you will be given an opportunity to examine your own new hire orientation strategies and compare them to one of the most involved, novel, and effective enculturation programs in business today.

I DON'T FIT—WHAT SIZE DO I NEED TO BE?

Many great and talented people seek employment at Zappos, but few are selected. Christa Foley, Zappos recruiting manager, reports that the actual applicant-to-job ratio for positions in Nevada hovers at around 30,000 applications annually for about 450 filled positions. In essence, 1.5 percent of all applicants make it through the rigorous cultural and technical hurdles. At many businesses, applicants have to conclude that they weren't selected simply because the "offer letter" never arrives in their mailbox. However, consistent with the Zappos values, leadership makes a point of letting unsuccessful applicants know the results of the application process. This may seem like a small courtesy, but it speaks to the company's willingness to act in a way that is consistent with values such as "build open and honest relationships with communication" and "deliver wow through service."

Andrew Kovacs, sourcing specialist, shares, "We aren't just here to serve customers who are in a transaction buying our products. We serve all stakeholders, including all applicants, some of whom may even be our actual customers. Communicating with applicants to let them know their status is simply a way of being respectful and serving them. Therefore, we provide applicants an automatic reply that we received their résumé, and we follow up again to let them know whether or not we are moving



forward with their application. That takes time. But, come on; we're Zappos." Christa Foley suggests that closing the communication loop with unsuccessful applicants also gives those individuals an opportunity to grow. She notes, "If we've talked to someone, interviewed them and ended up not moving forward, we will be as direct as we can concerning why they weren't chosen. We could just say thanks for your time, but we try to highlight what was missing on the technical side or things they can do to improve the way they interview."

It is easy to get so busy with the people who "fit" your organization that your HR department fails to provide respectful and helpful communication to those who were not chosen. However, at Zappos, values matter, and they are of the utmost importance when people might otherwise accept shortcuts. For Zappos leaders, it's critical that values be adhered to in both pleasant and less-than-pleasant business circumstances, including the way Zappos handles unsuccessful applicants.

I'M IN—ZAPPOS CHOSE ME

After everything applicants go through to be offered a job at Zappos, and given the small percentage that are actually chosen, you would think that an invitation to employment would be the end of the "culture fit" process. In truth, it is the first leg of a rather long trek.

To give you a feel for the challenges and the significance of the journey, let me offer a real-life example of a highly skilled professional who was hired to lead a non-customer-facing business division at Zappos. Because of the technical and

leadership nature of the position, Zappos executives had left the job unfilled for over a year, waiting for the “right person” to be selected. Thinking they had found that person, Zappos relocated the successful applicant to Nevada. In most businesses, a leadership-level new hire might experience an expedited orientation, with minimal to moderate focus on cultural values, so that the person can immediately jump into departmental leadership responsibilities. Not so at Zappos. This leader, like all other new hires, was required to go through *four weeks* of customer service training (referred to as new hire/CLT training) originally designed for Customer Loyalty Team members (Zapponians who answer calls when people place an order by phone, have a product question, need to process a return, etc.). Zappos does not exempt leaders from this training because the training is viewed as an opportunity to create a common experience around a core customer-facing function. Leaders are also expected to encounter the joys and challenges of serving customers in the call center environment.

As suggested in Chapter 2, the screening process at Zappos is designed to select employees who will be eager to dive into a culture and service orientation process. However, in the case of our unnamed executive, the individual participated in the new hire/CLT class only reluctantly and somewhat marginally. After several attempts to encourage him to embrace the process, the new hire was deemed to not truly fit the Zappos culture and was terminated. After a year of waiting, extensive recruiting costs, a significant investment of time and money in the interview process, and substantial relocation expenses, Zappos leaders determined that this highly sought-after executive was not right for their culture.



BREAKING DOWN THE ZAPPOS ONBOARDING PROCESS

From my perspective, onboarding at Zappos achieves a wide range of beneficial outcomes. For example, it clearly communicates and demonstrates the core values while highlighting the importance of service at Zappos. In addition, it extends the opportunity to assess the fit of employees, and it establishes interdepartmental collaboration and empathy. Let's take a look at how these types of benefits emerge from what many might see as an unnecessarily costly process of orientation.

Déjà Vu—Culture, Values, and Service

Can you really imagine employees throughout your organization going through a month of training that would typically be offered for an entry-level service job? Can you see an accountant, an IT professional, and the new CFO all actively participating alongside a new hire who may be entering the workforce for the first time? All of these individuals would be learning about the company's history, philosophy, and values. They would gain insights into the importance of customer service, understand the company's long-term vision, and even spend two weeks taking real calls from real customers. How humbling would that be? What would that suggest about the importance of service or your expectation that everyone is responsible for your company's culture?

Rather than squeezing orientation into a single day and trying to pack that day full of information on policies and procedures, a discussion of key elements of the employee handbook, a mini-version of corporate history, and a cursory review of the

company's mission, vision, and values, the Nevada Zappos month-long process represents a well-designed cultural immersion. In their book *Onboarding: How to Get Your New Employees up to Speed in Half the Time*, George Bradt and Mary Vonnegut define onboarding as “the process of *acquiring, accommodating, assimilating* and *accelerating* new team members, whether they come from outside or inside the organization.” Zappos fully demonstrates enculturation, as defined by Bradt and Vonnegut. The authors write that the leadership at Zappos has developed a process that takes “new hires they *acquired* through a well-crafted selection process and *accommodates* them with tools they will need to be successful at Zappos. Additionally the onboarding month *assimilates* new hires into the Zappos culture and *accelerates* their readiness to step into their formal job responsibilities.”

The extended onboarding process at Zappos includes, but is not limited to, an overview of the 10 core values, the history behind each value, and presentations from 10 managerial-level representatives from different departments, each of whom shares what a specific value means personally and to the business overall. Technical training and customer service information provided during the course culminates with hours of direct phone contact between the new hires and actual Zappos customers. As you might imagine, this wealth of real-life experience creates an added advantage when the company needs the entire Nevada workforce to pitch in during periods of extremely high call volumes.

Christina Colligan, CLT manager, reflects, “I don't know another business that has every employee go through such an involved orientation process. It costs Zappos a great deal when it comes to productivity and salaries, but it is worth it in terms of grounding all of us on the importance of the Zappos values.



The process really is an immersion in culture. Everyone at Zappos gets the same rich introduction to values and to customer service. We are all in orientation together, and we are all Zappos together.” David Hinden, a merchandising assistant at Zappos, notes, “Of all the things I learned in that initial four weeks of training, the piece that was of the utmost importance to me was how Zappos expects us all to do business. I had to switch gears from prior experiences, where I’d learned to be suspicious of customers or strive to protect the company at all costs. Instead, I started thinking about the value of doing the right thing for customers and for my peers so they can do the right thing for our customers as well. The CLT training helps you let go of the old ways and align with the Zappos way.” Cognitive psychologists talk about a concept they refer to as “proactive interference,” which refers to the difficulty people have in letting go of information they previously learned in order to acquire new skills. Effective onboarding often helps new hires “unlearn” behaviors that may interfere with the way things are or need to be done in your culture.

Brandis Paden, recruiting supervisor, notes, “During that four weeks of training, the new team members realize we do a lot of work here. We expect them to understand customer service, culture, and the core values and contribute to all of those things. I think it does catch people off guard. They realize how serious we are about our culture.” As values are slowly presented through weeks of orientation, staff members develop deeper connections to the company and more seriously internalize those values through their own experience.

When talking about the protracted orientation process, individuals throughout Zappos, particularly those who are working as members of the CLT, often share how the onboarding validates

the importance of service and the role of the CLT. Derek Carder, CLT supervisor, notes, “In a lot of businesses, call center staff are not held in esteem. We are often more of a cost center than a revenue center in the minds of many leaders. Even at Zappos, only a small portion of the company’s sales comes through the CLT; the rest is through online purchases. Despite the fact that we are not driving the money, everyone in the company has to experience our job. That really tells you how important personal service is here.”

ZAPPIFIED BRAIN BREAK

“**P**aul is dead.” Well, that is supposedly what you hear when you play a specific Beatles song backward. The Beatles, known for backmasking, or deliberately embedding backward hidden messages, in their 1966 album *Revolver*, added to a swirl of rumors concerning Paul McCartney’s possible death when they purportedly placed the “Paul is dead” message in the song “Getting Better” on their 1967 *Sgt. Pepper’s Lonely Hearts Club Band* album. Hidden messages didn’t go away with the 1960s. Just as we have been using QR mobile technology throughout this book, Zappos has embedded hidden messages on bar codes on its delivery boxes and packages. Zappos buyers can use their mobile phones to find a special message. Once they scan the bar code and share their “happy” experiences by forwarding photos to Zappos, they are provided with a “special treat.”

Having every new hire handle customer calls sends a clear message that service is everyone’s business. It is the common objective of all Zapponians. In the end, everyone in the company



must be equipped to make connections with customers across all Zappos contact channels. For many companies, there are two cultures: the one that affects the executives, and the one in which the rest of the organization operates. Despite the obvious cost of the Zappos orientation process, the all-inclusive nature of the training contributes to a single and unified Zappos culture. In and of itself, this is a significant return on investment.

In the spirit of the Zappos special bar codes, feel free to use your mobile QR reader to access the bonus stories and lessons of Zappos culture and service that are embedded in this code:



Of course, you are also welcome to access these stories by pointing your browser to zappified.com/bonus.

Screening and Teaming

By offering a monthlong training course for all Nevada employees, Zappos has essentially extended the opportunity to screen for the culture fit of new hires. While a candidate may interview well over a series of calls and even during a day of onsite formal

and informal contacts, it is difficult to sustain a façade of openness, creativity, passion, or humility for a solid month.

Sourcing specialist Andrew Kovacs shares the screening power of new hire/CLT training: “We hired a manager from an industry that is often contentious, although we thought we had hired a guy who was more collaborative than the industry norm. Maybe he would have been if he actually got into the job, but we never found out because he didn’t make it through the call center training program.” Andrew explains, “Throughout recruitment and selection, all applicants are told that they will be involved in the call center training class from 7 a.m. to 4 p.m. Monday through Friday. No ifs, ands, or buts. People who ultimately go on to work in the call center, of necessity, are relied upon to show up as scheduled and be on time, so we set that expectation in the training class. Even those who won’t later be CLT members are held to these standards during training, and we tell people you cannot be a minute late. Depending on the case, we might ask a person to come back to the next class if they were late, or we will simply let them go.” In the case of the newly hired manager, Andrew notes, “He showed up late on more than one occasion. It is such a basic requirement for employment, and he didn’t deliver. In addition, he became indignant when the issue was raised, as if the training were beneath him. Fortunately, he was let go before he could contaminate our culture. As recruiters, we look at those situations to see if there was anything we could have done to screen the person out during the selection process, but it’s great to have the CLT training there as a continuation of the culture fit evaluation.”

While the new hire/CLT training process reduces the number of people who slip through and “contaminate” the Zappos culture, it also helps to forge interdepartmental relationships and



build positive team spirit. Ashley Perry, newly hired CLT member, gives a sense of how training sets the stage for fun and family spirit. “When I went through the training, I’d update my social media pages with everything we did, and my friends would say, ‘I can’t believe they call that work and you are getting paid!’ We had a maple syrup chugging contest as part of an obstacle course activity. We did a variation of rock-paper-scissors that we called wizards-warlocks-monsters, and we even sang karaoke. Don’t get me wrong; we worked a lot. But the fun brought new people from across the entire company into what I can best call a family environment.” At the end of the new hire training, the class participants work together on a project that is associated with the Zappos core values. An example of one such project, “you got faced,” will be outlined in detail in Chapter 10. Suffice it to say that these projects further engage participants in culture-related team building and set the tone that culture is the responsibility of every employee. The activities further suggest that culture is not an abstract or amorphous phenomenon. Rather, it is the foundation of successful business and can be enhanced by the efforts of dedicated individuals working collaboratively.

In addition to encouraging camaraderie and teamwork, the Zappos orientation journey helps individuals throughout the organization hear the “voice of the customer” and understand what it takes to meet or exceed the customer’s wants, needs, and desires. In essence, it helps even non-customer-facing staff understand what is required to “deliver wow through service.” Many organizations struggle to address customer needs effectively because of rigid organizational boundaries or limited trust across departments. The process of bringing new employees on board can send the message that “we are all working together for a common purpose.” Furthermore, it can place new hires in a

setting with individuals from across the organization to learn and serve the transcendent needs of the customer.

Mark Madej, software engineer, articulates the team and customer experience benefits of new hire/CLT onboarding: “From day one, it’s such a great vibe. In CLT training, they get you so excited about everything. It’s different from anywhere else. They allow us to take that time. Any other company would think it’s such a waste, but it really isn’t. As developers, we were able to see all the software tools from the customer’s perspective and the CLT rep’s point of view. As a result of being in CLT training and having to answer customer calls, developers like me saw the complexity of the software involved in a process that the CLTs were using. So, we created a tool to automate the whole mess and make the process easier on the CLT member and the customer. We wouldn’t have come up with that fix if we

TRY THESE ON FOR SIZE

- 1.** Is your onboarding process the same for front-line workers and for executives? If separate tracks exist, what does that suggest about your culture?
- 2.** How many hours of your orientation process address policy, procedures, and other such matters? How many hours are dedicated to culture?
- 3.** Does your onboarding process immerse participants in your culture, or does it simply preview that culture?
- 4.** How effectively does your orientation process build empathy for the customer experience and create interdepartmental connections?



hadn't been on the phone with customers and seen the problem for ourselves. That's how you invest money in training and see real-time results."

How can employees truly embrace a culture unless they are immersed in it? Have the "let's make orientation quick" approaches really proved to be less costly in the end? For Zappos, a lengthy and involved orientation is a "pay now or pay later" proposition, where the leaders at Zappos view culture and service as too valuable to neglect at the front end. How about you?

CLT TRAINING IS ENDING—NOW WHAT?

Let's assume you have successfully completed the Zappos new hire/CLT training. What's next for you? Well, first and foremost, you have a decision to make. At this point, you will be asked to decide whether you want to take a sizable payout (something on the order of \$4,000) and leave Zappos or head to your job area. *Let me restate that so you don't think you misread it. You've completed the orientation class, and you are asked to decide whether you think you are a culture fit.* If you decide the Zappos culture is not for you, Zappos will give you a substantial amount of walking money to move on and seek employment elsewhere.

How revolutionary! Zappos offers new hires an incentive to engage in a thoughtful self-assessment of their "goodness of fit" with the company. When Jack Welch was the head of General Electric, he championed the practice of differentiation, in which the "bottom 10 percent" of the organization was routinely asked to leave. He noted that "one of the best things about differentiation is that people in the bottom 10 percent . . . very often go on to successful careers at companies and in pursuits where

they truly belong and where they can excel.” By contrast, Zappos prompts, encourages, and supports new hires as they decide whether they are likely to thrive at Zappos or are better suited to excel elsewhere.

But why would you offer someone so much money to leave? Leadership at Zappos wants to provide an amount that enables prospective candidates to make the right decision and not feel they need to stay in a culture that does not fit them just to avert a lengthy period of unemployment. The amount of money attached to the offer has increased over time and is likely to vary with the economy. Similarly, the amount of time new hires have to take the buyout has also changed. In the early days, an employee had to take the offer before leaving the orientation class. Now new employees have up to three weeks after being in their actual jobs. Essentially, this gives new hires an opportunity to decide whether they are a fit based on their collective experiences in the orientation training and in their specific work area. According to Rebecca Henry Ratner, director of HR, approximately 2 percent of all new hires ultimately take the money and seek employment elsewhere.

The novel nature of the Zappos approach in paying employees to leave has received widespread attention in established business publications like *The Economist* and *Harvard Business Review*, as well as in countless blog posts. A number of blog articles on sites like The Consumerist and VisionWiz focus exclusively on the buyout. Without sufficient detail, the notion of paying your employees to leave after orientation can sound like a bad management practice. In fact, it’s difficult to appreciate the full genius of the offer unless one places it in the context of everything that Zappos does to screen for fit. With the perspective you have gained from these two chapters, the \$4,000 walking money



can easily be seen as a well-positioned last step in a very involved process of protecting the Zappos culture.

It is hard to imagine that even 2 percent of new hires—those who have experienced the richness of the Zappos culture and passed all of the screening hurdles—would walk away within the first couple of months of employment. However, those who do would *not* have “served a perfect fit.”

TRY THESE ON FOR SIZE

1. What do you think of Zappos paying new hires to leave?
2. What is your guess as to the percentage of new hires who would leave your business if they were given a similar offer?
3. Would you ever consider paying people to leave your company if those individuals sensed that they were not a culture fit? Why, or why not?
4. If you were to give a similar offer after orientation, would your enculturation process allow new hires to make a realistic assessment of their fit?

KEEPING THE CULTURE ALIVE

After all this culture screening, Zappos employees head to their respective departments, and, for many, additional education is provided to help them address the specific technical aspects of their jobs. But how do these new hires, and, for that matter, all

Zapponians, maintain the cultural romance long after the orientation honeymoon has ended? The remainder of this chapter will examine just a few of the key ways in which culture is constantly nurtured at Zappos. For the purposes of this exploration, I will focus on three key aspects of cultural care at Zappos:

1. Incorporating values into regular progress conversations
2. Budgeting money for cultural activities
3. Encouraging open expression of opinions about culture

Incorporating Values into Regular Progress Conversations

Leadership trainer John E. Jones once said, “What gets measured gets done; what gets measured and fed back gets done well; what gets rewarded gets repeated.” Using that quote as a guideline, culture at Zappos gets done, done well, and repeated.

Zappos has always placed “living the core values” at the center of conversations between employees and managers. For many years, Zappos engaged in a process of annual performance reviews. During the time of those reviews, 50 percent of an employee’s evaluation was based on the Zappos 10 core values. That evaluation process emphasized how much an employee contributed to each of the key drivers of the Zappos culture. From the beginning of their employment, Zapponians were informed that the embodiment of the Zappos values would be a key indicator of success in the company. In preparation for the annual performance reviews, staff members were asked to evaluate themselves on the performance review form depicted here. The employee’s supervisor



We evaluated the performance review process and decided it was time for a change! Whoo-hoo, we love change :) During this evaluation period, we decided to move away from the 1–5 rating scale and use the ratings listed below. We also believe it is important to find out how employees feel they are performing in comparison to how the manager/supervisor feels the employee is performing. So in addition to the rating scale change, we are asking everyone to have employees complete a self-review as an official part of the review process. It is our hope that this new process will initiate more open dialogue between the employee and the manager/supervisor and allow everyone to dive deeper into the great, the good, and the so-so.

Please evaluate expectations in the following areas. Ratings and definitions are as follows:

Outstanding (O) = exceeds expectations, **Satisfactory (S)** = meets expectations consistently, **Needs Improvement (N)** = did not meet expectations.

Please note: The rating cells will accept only **O, S, or N**.

CORE VALUES (Please rate how the employee embodies the Core Values.)	RATING		
	MANAGER	EMPLOYEE	FINAL
<p>You understand and exhibit great customer service to internal and/or external customers.</p> <p>You view your job as more than 9–5 and more than your job description, and are eager to go above and beyond.</p> <p>You suggest alternatives for accomplishing tasks and/or process improvements. In addition, if your suggestions are not implemented, you accept the reason in a positive manner and are able to move forward with the decision that is made.</p>			



FACTOR	MANAGER	EMPLOYEE	FINAL
<p>You thrive in the Zappos environment. You accept changes to policies, procedures, and processes as part of the growth of the company. You do not complain about the changes but rather accept and embrace such changes enthusiastically.</p>			
<p>You take an active interest in creating fun (and a little weirdness) in the workplace.</p>			
<p>You encourage the different backgrounds, lifestyles, and personalities of your coworkers. Diversity is both understood and embraced.</p>			
<p>You are willing to take risks and step outside of your comfort zone to achieve success.</p>			
<p>You display creativity.</p>			
<p>You challenge yourself to grow and learn, both personally and professionally.</p>			
<p>You understand your department and the company's vision.</p>			
<p>You are open and honest in your communications.</p>			
<p>You understand that good communication also includes good listening as displayed in your interactions.</p>			
<p>You work well with your coworkers and foster teamwork within your department or area.</p>			
<p>You encourage a positive team spirit and do not display negativity in the workplace.</p>			



CORE VALUES <i>(continued)</i>	RATING		
FACTOR	MANAGER	EMPLOYEE	FINAL
<p>You work to improve efficiency at the office.</p> <p>You can get the job done and work with the resources at hand or come up with a work-around if resources are missing.</p> <p>You have passion, drive, and perseverance.</p> <p>You show respect to others, no matter what position you hold within the company.</p> <p>You understand that every opinion is valuable and that great ideas can come from anyone.</p> <p>Overall rating (average of above ratings)</p>			
Comments:			
PERFORMANCE	RATING		
FACTOR	MANAGER	EMPLOYEE	FINAL
<p>You demonstrate competence in required job skills and knowledge.</p> <p>You demonstrate accuracy, clarity, consistency, and thoroughness of work.</p> <p>Productivity standards are met.</p> <p>Work assignments are planned, organized, and analyzed for optimum results.</p> <p>You meet job expectations.</p>			



FACTOR	MANAGER	EMPLOYEE	FINAL
You accomplished previously established goals and objectives.			
You arrive to work as scheduled each day, on time.			
Overall rating (average of above ratings)			
Comments:			
LEADERSHIP		RATING	
FACTOR	MANAGER	EMPLOYEE	FINAL
You set clear goals and direction for accomplishing team objectives.			
You regularly attend leadership meetings and communicate the information to your direct reports.			
You use feedback from surveys and/or focus groups to help maintain a successful team environment.			
You inspire others to live and breathe our core values.			
You participate in helping the team learn and grow professionally and personally.			
Overall rating (average of above ratings)			
Comments:			



GROWTH POTENTIAL	RATING		
FACTOR	MANAGER	EMPLOYEE	FINAL
You seek opportunities to learn and further your understanding of the business.			
You show leadership in relationships and discussions with peers.			
You participate in group discussions and contribute constructively in meetings.			
You seek responsibilities and assignments outside of your usual job description.			
You share knowledge and experience with others in a constructive, helpful way.			
Overall growth potential rating			
Comments:			
OVERALL SCORE			
Please list below, the percentage that each section graded should apply to the employee's overall evaluation rating. Please ensure that all four areas equal 100%. <i>Note: You should work with your departmental manager to determine what weighting values should be used.</i>			
Core values % weighting		50%	
Performance % weighting		30%	
Leadership % weighting		10%	
Growth potential % weighting		10%	
Overall rating for this evaluation period		100%	

also completed that form. During the evaluation process, employees and supervisors would discuss the evaluations, with an emphasis on the employee's strengths and opportunities for growth. Over my tenure as an organizational consultant, I have seen very few organizations weigh "culture contribution" or "embodiment of values" as heavily in the overall assessment of employee performance. Nor have I seen many businesses orient employees to the notion that participation in the culture would be a key metric of employment success.

Of late, Zappos has moved away from this formalized annual performance review process. Despite that change, the leaders have maintained the significance of embodying values for overall employment success. In fact, Zappos has evolved to an employee growth conversation called "cultural assessments." HR director Rebecca Henry Ratner notes that the change was made to facilitate conversations between managers and employees that were more in keeping with a culture of growth and learning. "For us, the 'once a year, sit down and tell you how you're doing review' became a crutch for managers who did not have to make sure that they consistently knew if and how their people were living our values and otherwise performing. So our company took a risk and did away with an annual performance review, and we certainly don't know whether that will be ideal for us, but we think so. For now, managers will be expected to regularly give feedback on the same dimensions they would have covered in the review process, but now they won't be doing it in a formal, annual, score-generating way." Rebecca went on to add that Zappos is constantly looking for ways to encourage consistent conversations about values-based behavior. This shift away from "annual scores" to "regular discussions" reflects the leadership's forward-thinking approach.



As with most business processes, it is important for companies to regularly evaluate and improve the way performance reviews are conducted. For many, a good starting place for that improvement process can be assessing employees' behavior associated with the company's core values. According to a study by the business publication *Workforce Management*, most major companies have *not* joined Zappos in eliminating the annual performance review altogether; however, a number of businesses (like Zappos) are shifting from a performance approach to a growth and development model. Independent of the issue of whether or not to formally evaluate, most companies could benefit from increasing the degree to which "culture contribution" or "living the company values" is discussed and held out as a part of employee responsibility. Speaking before a group of senior marketing executives, Tony Hsieh went so far as to say that he feels more comfortable "firing someone for not contributing to an innovative work culture than for poor work performance." He has also suggested that Zappos has lost \$100 million from having people in the company who did not contribute to the culture. How many conversations are taking place in your business about how well each individual is personifying the organization's core values and enhancing the work environment?

Budgeting Money for Cultural Activities

Given all the time and money that Zappos invests in selecting and training employees and communicating with them about culture, you might be wondering how Zappos makes a profit or has the resources available to pay for ongoing activities to keep its culture alive. In a nutshell, Zappos tends to pay employees near the median level of competitive salaries, whereas its parent

company, Amazon, pays around the 75th percentile. According to Donovan Roberson, Zappos Insights culture evangelist, “We invest that 25 percent difference into activities that build our culture. Some might say that we are taking a hit in salary, but we are building a culture dedicated to the happiness of our people. When a person’s life comes to an end, that person doesn’t look back and think, ‘Okay, how much money did I make per year?’ The person is thinking, ‘How was my life; how was my every day; how much did I enjoy my job; what did I accomplish; what did I learn?’ These are the things that are much more important to people than salary.” Tony Hsieh suggests that culture does not need to be a costly investment: “Clearly, we are spending a lot more than most companies on benefits such as our medical and dental insurance. While we pay at or slightly above market rates for entry-level staff, we also live our values to ‘do more with less’ and ‘be humble’ by managing leadership salaries such that the higher you are in the organization, the more likely you are to be paid below the market range.”

In essence, Zappos builds an infrastructure of activities and support systems for each of its core values. From a benefits perspective, Zappos offers employees free meals, adds free sodas and snacks, and tops all that off with one of the most comprehensive health plans around. One can’t interview a Zappos employee about the way the company “delivers wow through service” without the staff member referring to the company’s generosity. Mary Johnson of the Zappos Fulfillment Center typifies the sentiment: “It’s amazing what they do for us here, from the best insurance package to free food every single day. We have huge fall, spring, and summer festivals. There seems to always be a get-together going on. The pay is competitive, but when you add in all the free stuff and the insurance, it’s just phenomenal.”



Keeping employees healthy and having fun events is one thing, but why does Zappos feel that free food, which is a major expense, is key to its culture? According to Craig Adkins, vice president of Fulfillment Operations, “The idea of feeding staff really didn’t emerge as a compensation or retention strategy; instead, the main idea was socialization. We wanted to have staff members all sit down and eat with one another and have conversations. It’s worked out well for us. Managers and leaders engage with their teams. Managers get to know about the families and kids of their team members, and they better understand what motivates and interests them. It’s not a free meal as much as it is a time for us to sit down together in community.”

In addition to employee benefits, values are brought to life at Zappos, in part, because managers in Nevada are encouraged to spend 10 to 20 percent of their time outside of work with their employees, and coworkers are expected to spend the same amount of time with one another and with their managers. Budgets are provided for supervisors to facilitate off-work activities, including such things as holding barbecues at managers’ homes, engaging in “happy hours” at Zappos, or taking the team to a local bowling alley. As you will see in Chapter 11, these connections are also forged through impromptu celebrations, many of which are anchored in making performance goals. Jamie Naughton, Zappos speaker of the house, notes, “It’s not as much about the money we have available to spend on our people as it is making a point of bringing people together. Since one of our values includes doing more with less, we stretch our budget at every opportunity. For example, we had a cookie-eating competition that was hugely successful and cost us all of \$20. We do carnivals with homemade games. Often it’s nothing fancy because it’s not what you do—it’s that you take the time to do something

to create fun and connection. Our people just enjoy the spirit of play and the quirky unpredictability that comes with keeping values like fun, adventure, and change continually front and center.” Chapter 10, “Play Well,” examines how Zappos consistently creates an energized and fun workplace, which in turn strengthens the Zappos family and drives key business objectives.

Encouraging Open Expression of Opinions about Culture

These fun, family spirit, and wow elements of the Zappos culture are liberally splashed across the Internet, shared with callers during customer service interactions, reflected on the Zappos website, and enjoyed by visitors during the frequent tours that pass through Headquarters. While elements of the onboarding process at the Fulfillment Centers in Kentucky differ from those in Nevada because of varied job demands, that playful culture can be experienced through the increasing numbers of tours moving through the Kentucky facility and fun daily warm-up meetings. Ultimately, leaders at Zappos are such zealots about the power of a positive business culture that they feel compelled to share that passion.

As part of that zealotry, Zapponians regularly share their unique culture via Twitter posts, blogs, and even YouTube videos. Many businesses dissuade their employees from talking about work in social networks, but the Zappos leaders encourage it, thus ensuring that the culture is experienced both within and beyond the walls of the Zappos facilities. Zappos staff members are even provided with training on setting up and using Twitter accounts, and a corporate communication policy of “be real and



use good judgment” signals to employees that they may speak freely and wisely.

Further reflection on the Zappos culture is promoted by the annual publication of the Zappos Culture Book. All Zapponians are thus offered the chance to talk about their company. This uncensored book is then made available to anyone who is interested in the company’s culture. In keeping with the Zappos value “build open and honest relationships with communication,” the book represents a transparent view of Zappos. After scouring all entries in all editions of the Culture Book, I am hard-pressed to find anything worse than the following:

Life at Zappos is constantly in motion. The ongoing changes, growth, and challenges are tremendous. It’s full of both happiness and pain.

But even that entry ends with,

Outsiders simply talk about how great their company may be, but Zapponians live and rave about the awesome culture here.

More typically, the input is something like

I truly believe that we are at the forefront of a new movement, where people treat each other as family. . . . I no longer accept bad customer service from other people and other companies. I challenge them to do and be better, to try to WOW me. Most of the time it works! WOW!

or

Zappos culture means to live, have fun, and love. We work very hard at Zappos, but we are shown that our hard work and dedication are appreciated. This appreciation enables me to give 100 percent. I enjoy coming to work with my family at Zappos.

Please see Appendix B for more examples of Culture Book comments.

By asking staff members to write their thoughts about Zappos and by turning those written comments into a bound volume that is received by all employees, the company's leaders essentially help Zapponians redefine and personalize the evolving Zappos culture. Aaron Magness, senior director, Brand Marketing & Business Development, notes, "When you read through the book, you can feel the richness of this culture. We see the Culture Book as a crucial way for every person at Zappos to put their Zappos Experience into words." In essence, Zappos leaders have enabled all employees to literally "write the book" on their company.

Jenn Lim, CEO and chief happiness officer of Delivering Happiness (the company and movement that has evolved from the book of the same name), has created every annual Zappos Culture Book since its inception and identifies a broad range of benefits that result from its publication. "It's a testament to Zappos real commitment to transparency," according to Jenn. "Since we print everything—good and bad—the Culture Book has become a snapshot of Zappos values in action and lets us compare our strengths and weaknesses, year to year. Over time, we ex-



panded it to include the voice of business partners, vendors, and customers, since we believe happiness can be delivered to every person Zappos comes in contact with.”

It’s Tony Hsieh’s belief that “brand is a lagging indicator of culture.” Because the Culture Book is sent to anyone in the world that requests one, it has essentially become a “brand book” that extends awareness of what Zappos represents, while creating an emotional connection to Zappos in places even outside of the areas they ship to and service. They regularly hear from avid fans worldwide, for example, those in Japan and Brazil.

The idea of publishing a book that reflects a company’s commitment to culture has become a compelling concept, and companies ranging from the M Resort in Las Vegas (of the MGM Mirage family) to Amazon.com have asked how they can create one of their own. As a result, *Delivering Happiness* is providing a service to help other organizations put together culture books customized to their unique values, employees, and culture.

Jenn Lim adds, “As we’ve seen in books like Jim Collins’ *Good to Great*, the most important part of a company’s culture is not that it merely has values, but that the employees actually commit to them. The Culture Book started as an off-the-cuff idea, but it has evolved into something that has helped Zappos identify whether or not we’re putting our money *and* values where our mouth is.” (More information on *Delivering Happiness*—the company and the movement—can be found in Chapter 9.)

We have come full circle with Zappos through selection, onboarding, and a few aspects of culture elevation. You will see the completion of the circle when you appreciate that applicants often request the Zappos Culture Book as they contemplate employment. In essence, the Culture Book is a by-product of the

culture, which also helps prospective applicants decide whether they can “serve a perfect fit” at Zappos. Such was the case for a person who essentially tweeted that he could not survive in the Zappos culture of extroversion but appreciated that for those who enjoyed such an environment, it would be a dream to work there.

If staff members were asked to write an unedited book on your culture, what would it say? How would it affect new hires who are deciding whether they would “serve a perfect fit” for you? Take the chance and publish a Culture Book. At its worst, it will be a road map for culture change!

Delivering Happiness can be a resource if you need assistance in creating a culture book for your own organization. You can find this organization at www.deliveringhappiness.com, [facebook.com/deliveringhappiness](https://www.facebook.com/deliveringhappiness), and @DHMovement and @DHMovementCEO on Twitter. Or simply point the QR reader on your mobile device here.



Chapter 3 *Ideas to Run With*

- Communicating with those who have been passed over for employment essentially defines applicants as customers of your brand.
- Onboarding involves acquiring, accommodating, assimilating, and accelerating.
- Orientation is an opportunity to set equal expectations for leaders and nonleaders and to signal a unified culture.
- New hires need an opportunity to be immersed in, not just made aware of, your culture.
- Culture is a two-way street; both the applicant and the existing staff can and should be called upon to evaluate an applicant or new hire's "goodness of fit."
- That which gets measured gets done. Are you measuring values-based behavior for everyone in your organization?
- Culture happens by default or by design. Great leaders design their culture, set values in motion, and stir up the culture regularly.