Module 1 Project

Zappos.com

[B498/MAN4900 Section 02 Management Capstone](https://engage.rasmussen.edu/learn/course/view.php?id=7398)

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Zappos.com

Zappos.com is an online shoe and clothing shop based in [Las Vegas](https://en.wikipedia.org/wiki/Las_Vegas), [Nevada](https://en.wikipedia.org/wiki/Nevada). It employs approximately 1500 employees. Zappos was founded in 1999 by [Nick Swinmurn](https://en.wikipedia.org/wiki/Nick_Swinmurn). In 2000, Tony Hsieh joined Swinmurn as co-CEO. In 2009, Zappos was acquired by Amazon.com. In 2015, Zappos revenue was more than over $2.1 billion (Pontefract 2015).

Zappos has a reputation of being a fun place to work with a great deal of emphasis placed on creating a culture of family core values. These values are: Deliver WOW Through Service, Embrace and Drive Change, Create Fun and A Little Weirdness, Be Adventurous, Creative, and Open-Minded, Pursue Growth and Learning, Build Open and Honest Relationships with Communication, Build a Positive Team and Family Spirit, Do More With Less, Be Passionate and Determined, and Be Humble("About Zappos," n.d.). These values are the foundation of which employees are trained and expected to deliver “wow” customer service.

As I was researching this paper, I learned that the management style of Zappos has gone through a management transitional stage beginning in 2013of working with a hierarchy system of management to a “new management system, known as Holacracy, which rejects traditional workplace hierarchy, job titles, and other staples of the traditional workplace” (French 2016).

Culture and customer service is a very important strategic piece of the success of Zappos. In the beginning of Zappos, with the hierarchy management structure, culture and “wow” customer service was the foundation in which Zappos built its success. Zappos was engaged their employees with a very participative management style. “The culture is about more than money. "It's not me saying to our employees, this is where our culture is. It's more about giving employees permission and encouraging them to just be themselves” (Rosenbaum 2010). Hsieh believes that when employees can be themselves they are more creative and productive. Hsieh also believes that companies need to become more transparent, "I think we're just at the beginning where companies are becoming more and more transparent whether they like it or not. People are becoming...just because the information is everywhere and it's pretty hard to control now. So, I think moving forward it's going to be only the authentic companies or people can win because everyone else will eventually be outed” (Rosenbaum 2010). This management style created a culture of trust and wanting to belong, as well as propelling the company into record-setting revenue growth. Hsieh authored a book titled Delivering Happiness

in which he explains “that research found that the best companies in terms of long-term financial performance are ones that can combine profits, passion and purpose. There's three types of happiness and really happiness is about being able to combine pleasure, passion, and purpose in one's personal life. I think it's helpful and useful to actually think about all three in terms of how you can make customers happier, employees happier, and ultimately, investors happier." (Rosenbaum 2010).

In 2013 when Hsieh introduced the new organizational structure, he sent an email describing the new structure; an organization with self-managed teams, wholeness of a person at work, and teams with evolutionary purposes. The memo also stated that anyone that did not feel comfortable with this new structure would be given an exit strategy. His goal was to have people on board that supported the new management structure and that could thrive under the new management structure. “Fourteen percent of Zappos' employees opted to leave in the initial round of buyouts, and the New York Timesreports even more employees are leaving the company through a second buyout process (French 2016). Zappos released this statement defending the management structure change, "Holacracy is one of the many tools we plan on using to reach our destination," and "our true journey is to become a fully self-managing organization that culminates in making our work more productive, fulfilling and meaningful” (French 2016). Zappos believes that employees who are engaged, are self-managed, and are happy will deliver the “wow” service that customers have come to expect.

I am interested in researching this company and creating a strategic plan because it is a young company that was bought by Amazon, but it is allowed to operate on its own because of its success. It is a company that has potential. I am interested in researching more about this company’s current management/operation structure and creating strategies that could possibly move the company in a different direction.

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