

9.3: Putting It Together- Culture and Diversity



Zappos CEO Tony Hsieh highly values his company's culture.

Think back to the beginning of this module and the quote from Tony Hsieh that “If you get the culture right, most of the other stuff will just take care of itself.” Given what you’ve learned in this module, do you agree with him? Consider also this quote from legendary management consultant Peter Drucker that “Culture eats strategy for breakfast.” This module has equipped you to evaluate these statements and understand why exceptional leaders consider culture to be central to organizational success.

Let’s consider the example of Zappos in greater detail. Based on experiences earlier in his career, CEO Tony Hsieh became committed to the idea that culture matters most in an organization. So how does that manifest itself in Zappos?

One of the topics covered in this module was how to integrate culture into the recruiting and hiring processes. This is very important at Zappos. In the early days of the organization, Hsieh or another key executive would participate in every interview. If they didn’t feel the candidate was a good culture fit, they would look for someone else. It didn’t matter how talented the candidate was—if the culture fit was wrong, they wouldn’t make the hire. As the company grew, Hsieh knew that the leaders he had hired would follow his example. As a result, culture fit remains the primary focus in both recruiting and hiring. This has resulted in a team that is focused on the same values and wants to achieve the same goals.

In the following video, Hsieh discusses the importance of cultural fit in the hiring process at Zappos:

A link to an interactive elements can be found at the bottom of this page.

You can [view the transcript for “Tony Hsieh: Bad Hires Have Cost Zappos Over \\$100 Million” here \(opens in new window\)](#).

This laser focus on culture has proven to be a tremendous competitive advantage for Zappos. The entire organization shares the same core value—please the customer! As an example of this focus, Zappos telephone customer service representatives (CSRs) are not measured on average call time, which is a standard in the industry. Zappos doesn’t worry about how long a CSR is on the call with a customer. One caller took 10.5 hours, and Zappos praised the CSR.^[1]

Instead, what managers care about is how the customer feels when the call is over. Was their issue resolved? Were they happy with the overall experience? Zappos wants its CSRs to spend as much time as necessary to make customers happy. This is a radically different approach than most organizations, and it results from the organization’s culture.

As a testament to the success of its focus on culture, more than 75 percent of sales at Zappos are from repeat customers. This is an amazing statistic, much higher than the industry average of 48 percent.^[2] Focusing on creating and maintaining the right culture will help you be successful as a manager and give your organization a unique competitive advantage.

1. Caroline Fairchild, “Zappos’ 10-Hour Long Customer Service Call Sets Record,” The Huffington Post, Dec. 21, 2012, accessed Aug. 8, 2017, http://www.huffingtonpost.com/2012/12/21/zappos-10-hour-call_n_2345467.html
2. Andrew Meola, “Returning customers are far more valuable to online retailers than new customers,” Business Insider, March 30, 2016, accessed Aug. 8, 2017, <http://www.businessinsider.com/e-commerce-report-shows-returning-customers-are-more-valuable-than-new-ones-2016-3>

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