

## Zappos HR Looks to 'Wow'

*The service-focused footwear e-tailer banks on its unorthodox HR strategy to ensure its workers are as happy as its customers.*

When it comes to HR, Zappos is as unconventional as they come. Take Holacracy, the company's much-heralded "flattened" management strategy. Introduced company-wide in 2015, Holacracy replaces today's top-down, predict-and-control approach to structuring, governing and running an organization with a new way of achieving control by distributing power throughout the enterprise. It's certainly not your typical way of doing things.

Yet while many Zappos' HR practices may be unusual, Zappos' Head of People Operations Hollie Delaney believes they represent a better way of doing HR.

Whether you are talking about employee engagement, recruiting, benefits or performance management, Zappos focuses on what Delaney says makes logical sense from a truly human perspective—in other words, the focus is on people, not processes.

Performance management serves as a good example. It's not that Zappos doesn't do performance management, but its strategy is very different, even among the employers that are trying to move from the antiquated annual review process to one that's fresher, real-time and data driven. Performance recognition and rewards at Zappos, for example, extend beyond a manager recognizing and rewarding an employee, says Delaney. "We give much more credence to a peer-to-peer recognition focus, which we have found to be much more engaging with employees than the typical hierarchical process," she explains.

Eight years ago, Zappos, which uses Workday as its HR system, instituted a "co-worker bonus" program through which employees receive \$50 monthly to give to someone else within the organization who has "wowed" them through service in some way. It also launched an employee Wishez program in February 2011, whereby employees anonymously can post their "wishes" on a company portal and other employees can help make them come true—anything from a hug to furniture.

As for the seemingly never-ending pursuit of increased employee-engagement levels, Delaney calls Zappos' solution "startlingly simple." The company distributes authority across the organization so employees feel empowered to do their jobs and by giving external and internal customers everything they need.

That way, she says, customers or employees aren't put in a situation in which they are handed off to person after person.

Delaney says Zappos' culture is driving better performance. And anchoring that culture is the notion that optimal performance is spelled out in guidelines set forth in the company's 10 core values. Those values include: Deliver "wow" through service; embrace and drive change; create fun and a little weirdness; be adventurous, creative and open-minded; pursue growth in learning; build open and honest relationships with communication; build a positive team and family spirit; do more with less; be passionate and determined; and, last but not least, be humble.



**Zappos' Head of People Operations Hollie Delaney stresses the importance of one of the company's 10 core values: to "deliver wow through service."**

Of those core values, Delaney says, "deliver wow through service" is especially critical, because you can say it permeates and drives the other nine.

If we can get people to say, "Wow, that was a great experience!" then we've done our job," she says.

On the recruiting front, Zappos actively seeks people who understand and fit into the company's culture, but who also have all the technical skills required to perform their job. That concept, she says, requires a relatively slow, highly methodical hiring process.

"We take a long time," Delaney says. "We not only do technical interviews, but we also do culture-based interviews where we ask people just behavioral-based questions that map back to our 10 core values." The questions are simple, but right to the point. They include, "On a scale of one to 10, how lucky do you think you are?" Or, "If you could be any superhero, who would you be?" Or, "When have you received great customer service and what did that mean to you?"

Delaney points out there are no right or wrong answers. "It's more about a candidate engaging [in] and answering the questions," she says, noting that once Zappos hires someone, he or she goes through a rigorous four-week training program. At the 30-day mark, a candidate is given the option to stay or leave. If they opt for the latter, they receive a month's salary as severance.

"If someone decides it's not for them, they can take a month's salary and look for something else," Delaney says. "We completely understand. No questions asked."

Zappos wants every one of its people to feel they are not just in a job, but in a job they cherish and enjoy. Jobs can be found anywhere, she says. But if working for an employer means something bigger and broader, strong engagement is sure to result.

In other words, people who are happy in their roles and jobs are going to be more focused, more accurate and have greater pride in what they're doing, Delaney says, adding that long-term engagement is an inevitable byproduct.

HR colleagues from other employers often ask Delaney about Zappos' HR strategy and practices, and whether they would work for them.

"We get a lot of people who come in who want to rethink what they're doing by trying something new, something different," she says, adding that the company even offers the help of the Zappos Insights team to meet this demand.

She believes that what Zappos is doing can translate to others, depending on what kind of culture they currently have.

"Our philosophy is we want to share what we do, and even if we share [it] with a competitor and a competitor can be successful based on what they learn from us, then that's great, too," Delaney concludes.