



TEACHING NOTE

Designing an Organisational Culture: Tony Hsieh Wrapping Zappos' Organisational Culture?

Prerequisite Conceptual Understanding

- Kell Thomas and Carrott Gregory T., "Culture Matters Most", *Harvard Business Review*, May 2005
- Christensen Clayton M., "Organizational Culture", *Harvard Business Review*, October 12th 2004

Synopsis of the Case Study

This case study can be used for the concept of Organisational Culture in Organisational Behaviour course. The case is set in 2008 when Zappos entered the *Fortune*'s '100 best companies to work for' list holding the 23rd position. The case primarily focuses on the role played by the CEO of Zappos, Tony Hsieh (Tony), in developing a unique organisational culture with an almost fanatical emphasis on customer service. The case centres on the factors, which influence the designing of an organisational culture of a company and the interplay between the work culture and nature of a company's business. It also focuses on the influence a CEO has in the creation of the organisational culture of a company.

Pedagogical Objectives

- To have an in-depth understanding of organisational culture – What are the components that constitute the DNA of an organisational culture?
- To examine the differences between organisational culture and work culture
- To debate on the type of organisational culture required for different types of businesses
- To examine the role of a CEO in designing an organisational culture – How do the values, belief systems, attitudes, mental framework, etc., of the founder CEO influence the designing of the organisational culture and to debate the same in the case of Zappos
- To analyse the effects of a CEO's exit on the company's organisational culture.

This teaching note was written by Sravanthi V. and Vara Vasanthi, under the guidance of Dr. Nagendra V. Chowdary, IBSCDC is only an illustrative orchestration of the case study 'Designing an Organisational Culture: Tony Hsieh Wrapping Zappos' Organisational Culture?'. It is never meant to limit the learning outcomes.

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Assignment Questions

- I. Analyse what constitutes an organisational culture and discuss the factors that influence an organisation's culture. Explain its key components.
- II. Examine the differences between organisational culture and work culture
- III. Evaluate the effects of a match between the organisational culture of a company and the nature of its business.
- IV. Illustrate the importance of interrelationships between Tony Hsieh's personality and the employees' personality and values in designing Zappos' organizational culture
- V. Will Zappos be able to sustain its culture even if Tony Hsieh leaves?

Teaching Plan

Both the Structured Assignment and the Teaching Note follow a specific Teaching Plan [Annexure (TN)-I].

Case Analysis

Our case analysis is divided into five broad parts. The first part deals with the concept of organisational culture in general and at Zappos in particular. The second part deals with the key components of organisational culture, the disparity between organisational culture and work culture and particularly with the work culture at Zappos. The third part deals with a few successful companies which have focused on the concept of organisational culture, the match between Zappos' nature of business and its organisational culture and analysing the lessons that Zappos' culture holds for other companies. The fourth part deals with the influence a founder of a company has on the company's culture and discusses about the match between Hsieh's personality, values, beliefs and Zappos' organisational culture. The last part deals with the dilemmas – when a culture decision should be taken, what should be done to ensure that the culture sustains even after the founder leaves? And what are the prospects of the company if Hsieh leaves Zappos?

I began the case discussion by asking the students to research about the organisational culture and the basis for its designing, using the case facts and the prerequisites suggested. Then the following question was posed:

I. Significance of Organisational Culture

“Organisational culture affects and regulates the way members of the organisation think, feel and act within the framework of that organisation.”¹ What do you mean by organisational culture? Do you think it is important? Substantiate your answer with suitable analysis.

This question prompted many answers. However, most of the students opined that organisational culture is a unique feature of any organisation.

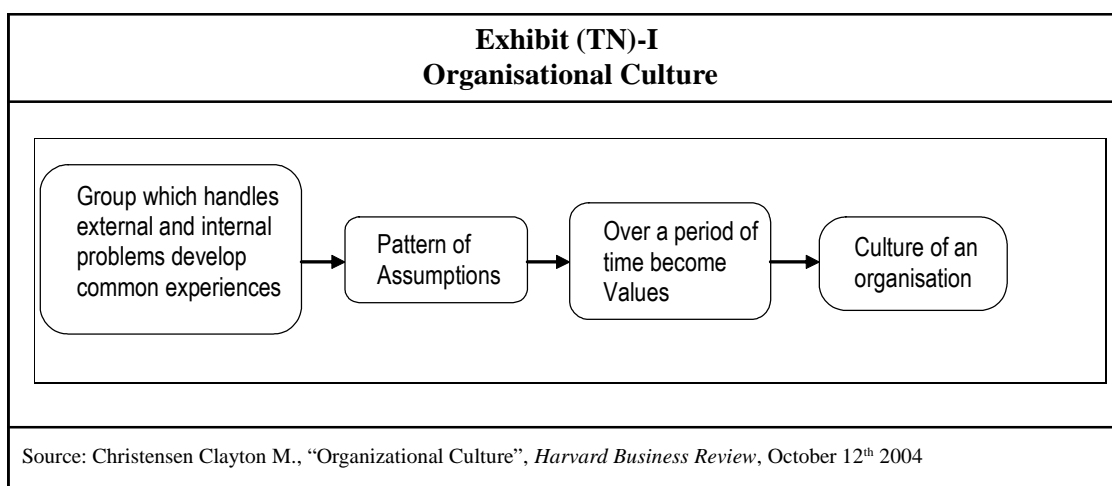
Basically, culture can be defined as a property of a social group whose members share a considerable number of common experiences in successfully addressing both external and internal problems. Because of these common learning experiences, over a period of time, these groups of people form a shared opinion of how the world around them works and of the methods for solving those problems [Exhibit (TN) I].

¹ Christensen Clayton M., “Organizational Culture”, *Harvard Business Review*, October 12th 2004

Culture can never be static. It is dynamic and it keeps evolving with new experiences in the organisation. According to Edgar Schein, a professor at the MIT Sloan School of Management, “Organisational Culture is a pattern of assumptions which have been invented and developed by a group who have handled problems relating to the external adaptation and internal integration and these assumptions have worked well enough to be considered valid and can therefore be taught to the new members as a correct way to see, think and feel with respect to those problems. When these methods of solving a problem are adopted by assumption rather than a debate and a decision, they become the culture of the organization.”

When students were asked about the importance of organisational culture, many concluded that having a culture for an organisation is very important since it plays a major role in the success of a company.

- By understanding organisational culture, a manager can foresee how his or her organisation is likely to react to different situations. Understanding the culture can also help the manager in evaluating the difficulties the organisation might experience as it deals with the changing future



- Being familiar with the culture helps the leaders in identifying the priority issues as they get the organisation ready for the future
- Basically, an organisational culture influences and controls the way the members of the organisation think, believe and act within that organisation
- Culture is the most effective tool for a manager. As a company expands, the manager cannot personally get involved in each and every decision and can just ensure that the decisions being taken comply with the company’s goals. The only way this can happen is through developing certain values in the organisation, wherein the employees can make use of these values as their criteria for decision making process.

Therefore, culture is a prerequisite for an organisation’s decision making as the company grows and expands.

According to Hsieh, “...company culture is extremely important, and I also think that as the company changes and grows, the ideal company culture also will change and grow over time. If you get the culture right, most of the other stuff will just take care of itself.” (page 4, para 3 of the case study) What is the organisational culture at Zappos? According to you, how far has it contributed to the success of the company?

Students opined that organisational culture plays a major role in the success of the company as seen in the case of Zappos. They came out with the following points to support their stand:

- From his previous experiences (Link Exchange), Hsieh learnt that culture is a must for a company's growth. He strongly believed that the culture at Zappos mattered the most for attracting great people into the company, motivating them to give their best and sustaining them in the company
- Hsieh considered customer service as an immense branding opportunity and a unique way to directly interact with the customers (**page 5, para 1 of the case study**). Zappos put customer service first with outstanding dedication towards listening to their customers' feedback, questions and even complaints. Zappos is even in the process of redesigning its website to be more customer-friendly
- Referring to **Exhibit II of the case study**, we understand that the percentage of customers who buy again within a year increased from 20.4% to 54.9%. This shows an increase in the repeat customers of the company
- Hsieh always believed that just by prescribing actions to the employees, the employees would neither become customer service-oriented nor would the culture develop. He wanted the employees to genuinely care about the customers and interact with the customers more on a personal front rather than a professional front. This, indeed, helped in developing the right culture
- Basically, the company's culture is defined in its 10 core values which have helped the company grow. They include 'to deliver wow through service', 'to embrace and drive change', 'to create fun and a little weirdness', 'to be adventurous, creative and open minded', 'to pursue growth and learning', 'to build open and honest relationships with communication', 'to build a positive team and family spirit', 'to do more with less', 'to be passionate and determined' and 'to be humble'
- Moreover, Zappos uses its culture to hire and fire people. In order to ensure that every employee believes in its core values, Hsieh mainly focused on hiring the right people. Once the recruits are through with the technical round, they have an intensive HR round wherein they are asked unusual questions like "how weird are you?", "what's your theme song?" etc. Once the hiring process is done, the new recruits are provided with a 4-week training process that completely engages them in the company's culture and strategy. After the first week of training, Zappos offers every new recruit \$2000 plus the amount of money for the time they have worked, influencing them to quit the company. Some 2%–3% of the recruits accept the offer. However, the main goal is to weed out all the half-committed employees
- Zappos publishes its *Culture Book* every year in which all the employees are encouraged to write about what culture means to them. Every employee is given complete freedom to interact with the customers. Hsieh says he wants his employees to express their personality in their work because he believes that being one's own self brings the best out of a person. This in turn improves the innovativeness of its employees and helps in providing customer oriented service
- In Zappos, the employees are given benefits like free lunch, snacks, pop corn, coffee, etc. Many surprise events like random acts of kindness, employee of the day, etc., are even organised and employees are also provided with full medical and dental coverage.

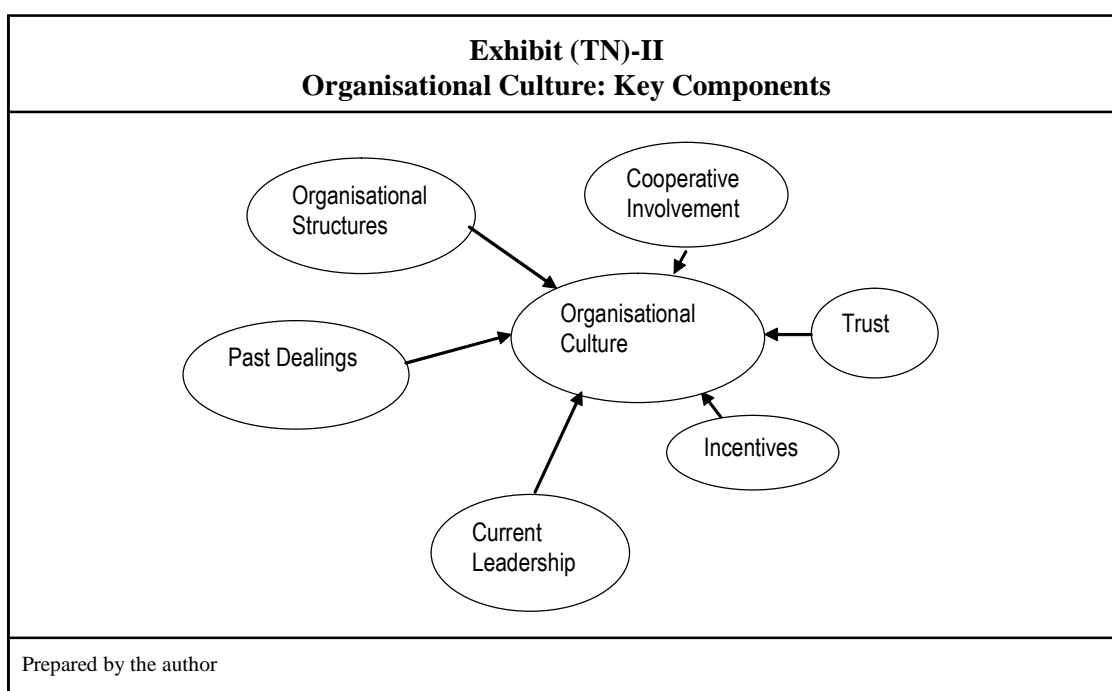
When the students were asked about the contribution of the culture to the success of the company, students unanimously answered that a major part of the company's success is attributed to its culture. Students even noted that 75% of purchases are from repeat purchasers who, on an average, have a higher order size than that of the first time purchasers. Another observation made by the students, after referring to Exhibit I of the case study, was the increase in the revenue of the company from \$1.6 million to over \$1 billion within a span of 8 years. A major reason for this was the organisational culture of Zappos.

I. Work Culture and Organisational Culture: Differences

Analyse the key components of an organisational culture. Is organisational culture the same as work culture? Justify your answer.

Students cited the following as the key components of organisational culture [Exhibit (TN) II]:

- Cooperative Involvement and Trust:** When it comes to cultures that are highly cooperative, it is understood that they are built upon trust. Trust and cooperative involvement are the key components in an organisation's culture. Even though trust is complex, it can still be divided into two categories – trust in others and trust in the organisation as a whole



- Incentives:** Incentives also play a major role in the culture of an organisation. Self-interest is the primary motivator for many people's actions. Incentives, whether they are tangible or intangible, directly or indirectly motivate many employees in an organisation
- Current Leadership:** Students opined that current leadership strongly affects the culture of an organisation. When the leadership of a company undergoes change, there is a possibility of a minor or a major change in the vision of the company. In such case, though the employees are influenced by the decisions of the current leadership, they remain strongly affected by the decisions of the previous management
- Past Dealings:** Past dealings also have a greater impact on the culture of an organisation. When the leadership of an organisation changes and a new manager joins the organisation, the employees are not affected too much by the new leader's principles and values. They still have the impact of the company's previous manager. Until and unless the new manager continues for about 4–5 years and shows his consistent behaviour, the employees do not really trust and participate in the success of the company. Therefore, this gradual building of trust is very much important for the company and its culture. Although many understand the influence of current and past leadership

upon culture, very few realise that the major contributor is the effect of organisational structures on the culture

- **Organisational Structures:** Most of the times, the goals, principles and views of those in the management continue to influence the employees even after the managers leave. The employee activities that are carried over in an organisation are, in a subtle way, influenced by senior managers. This reveals the power of organisational structures upon employee behaviour. A new manager, who replaces the old manager, fails to explore and challenge the existing policies and so he changes the policies. Then it becomes difficult for the employees to accept the changed policies. The changed policies may be contrary to the management's current vision for the company. In this way, the previous perspective will no longer be valid. Therefore, a periodic, externally facilitated evaluation is very much necessary because these structures have powerful effects on employee behaviour.

Differences between Organisational Culture and Work Culture

Students observed that though organisational culture and work culture seem to be similar, there are minute differences between the two.

- Organisational culture is something, which describes the psychology, attitudes, beliefs, experiences and values of an organisation. Work culture, on the other hand, is the sum of the values, customs, traditions and meanings that make a company unique
- Organisations, most of the times, build their own culture which is a result of tradition, history and structure. However, work culture is an amalgamation of the cultures brought by the employees, who joined the organisation at an early stage of culture building process in the organisation
- Organisational culture influences employee leadership styles but work culture influences employee leadership styles more than any other feature. This is because a similarity in the manner of handling work can be seen in employees working in the same organisation (even if the departments are different) rather than employees who have the same designation but working in different organisations
- Organisational culture is what the organisation 'is', whereas work culture is what the organisation 'has'. We, therefore, refer to organisational culture as the philosophy of the organisation and work culture as the character of the organisation
- Unlike organisational culture, work culture can be imported. For example, a computer technician would have gained knowledge of new languages, proficiency and conduct, independent of the organisation, but his presence can influence the culture of the organisation as a whole.

The main foundation for start ups in order to achieve great things is a strong, meaningful culture. When did the organisational culture of Zappos become visible? According to you, did the company consciously adopt this culture or was it an outcome of the work culture? Substantiate your answer with suitable analysis.

When students were asked when the organisational culture of Zappos had become visible, most of them opined that it became visible when the company started delivering excellent customer oriented service.

- Zappos' excellent customer service, its wide variety of products and unique shipping policies are some of the features that made the company what it is today. Both its founder and CEO agree to the fact that its near maniacal focus on customer service has attributed to the company's success and its visibility. Great customer service helped in building a loyal customer base and till date, 75% of its purchases are from repeat customers
- Initially, the company was like any other online shoe retailer but later the company quickly became a leader in online shoe sales by striving to provide shoppers with the best possible service and

selection. Zappos doubled its revenue with a few dollars increase in the cost of handling the shipments and returns. When Zappos realised that they were competing not just with the online shoe retailers but also with the offline stores, they decided to ship the shoes as early as possible (most of the times by next day) for free. They not only announced free shipping on its website but they also surprised their customers by delivering on the very next day

- When Zappos.com was founded in 1999, there was no Search Engine Marketing (SEM). Hence, it was nearly impossible to know that this technique would play such a major role in the success of the company. Zappos was smart enough to recognise and capitalise on the emerging SEM market

When students were asked about whether the culture was being consciously adopted by the company or was it an outcome of its work culture, most of the students believed that it was an outcome of its work culture.

- Work culture adopted by Zappos has been innovative, challenging and even improvement oriented
- Zappos' work culture ensures that a cordial and cohesive environment is created. There is trust and belief in the employees. The company's culture also ensures that the employees work together with lot of enthusiasm and willingness in order to reach the organisational goals
- A weak work culture can develop problems even at individual level. It creates problems between the superiors and subordinates. This leads to greater level of job dissatisfaction. Consequently, the employees' growth opportunities, creativity and improvement in their skill and knowledge completely come to a standstill. The work culture plays a major role in developing both attitude and interest amongst the employees to contribute more to the organisation. A company cannot be successful if there is a disloyal labour force and a weak work culture. The work culture of Zappos, therefore, is very strong wherein the employees work with greater levels of job satisfaction, which in turn leads to creativity and improvement in their knowledge and skills.

From the above discussed facts, students concluded that Zappos consciously never tried to adopt a culture, but the organisational culture of Zappos was just an outcome of its work culture.

II. Linkage between Nature of Business and Organisational Culture

List out a few distinct businesses that have focused on organisational culture. How would you define their cultures? Do you observe any pattern in the organisational cultures of these companies?

When students were asked to list out a few businesses that have majorly focused on organisational culture, most of them answered Google, Starbucks, Cisco, etc. I initiated the discussion by starting with Google's culture, next discussed about Starbucks' culture and finally discussed about the culture of Cisco.

Google's Culture

- Google is not only one of the fastest and the most useful web search engines around but has also been ranked 1 in *Fortune's* 'best companies to work for' list. This is mainly because of its culture
- Google's culture is principled, customer responsive and spiritual. Google has an informal work culture because both Larry Page and Sergey Brin (its founders) wanted to make Google a fun place to work
- In order to become one of the fastest web search engine around, the company hires people who have the best technological skills. It provides its employees with exceptionally relaxed work environment and encourages creativity. The company also has a casual dress code and provides its employees with gyms in their work places and promotes many fun activities like roller hockey, etc.

- Google understands that its employees have a private life as well and so they are even allowed to get their pets into the workplace
- Googlers are provided with free snacks like cereals, cashew nuts, fruit juices, cappuccino, lunch and even dinner
- The employees work like a family and they strive to give high level of service. These employees are given enough freedom in their jobs. The employees are encouraged to work like a team rather than individually, which indirectly prevents competition amongst its employees and therefore prevents unethical behaviour
- Google's employees are service oriented. They go out of their way in order to satisfy the customers at the same time maintaining their company values. Here the employees are rewarded not only for their team spirit and work but also for individual accomplishments
- Google follows a give and take relationship wherein both the employees and the company are benefited. In this way, Google carries out a unique business approach, which appeals to many companies and individuals.

Starbucks' Culture

- Initially, Starbucks Coffee Company was a small, regional business. Over a period of time, it grew into an undisputed leader in the specialty coffee industry
- The company's coffee buyers bought the best quality beans and the company provided unparalleled store experience. They built long-standing relationships with farmers and paid the highest prices in the business for top quality beans
- Starbucks' mission was to be a socially responsive company by providing a great work environment and by treating its partners (employees), customers and suppliers with dignity and respect. In order to keep its mission and principles alive, Starbucks provided all its employees with mission statement and a comment book
- The company's leadership always related their decisions to the guiding principles of the company and they developed a mission review through which any partner could comment on its decisions or actions. The guiding principles and its underlying values became the cornerstones of its very strong culture
- The company had developed benefit programmes in order to attract people, who were eager to work for the company and were committed to excellence
- The company's philosophy was to treat its employees like family so that in return they will be loyal and give their best to the company. Moreover, 82% of its employees rated themselves as 'very satisfied' and another 15% rated as 'satisfied' with their jobs. Such high job satisfaction rate could be found only in small companies. But Starbucks was an exception as the company has over 55,000 employees (large company) and still the employees here have higher rate of job satisfaction
- All these factors have led to a very strong culture with largely young and educated employees, who always expressed pride in working for the company.

Cisco's Culture

- Cisco, founded in 1984, is a leader in the development of Internet Protocol (IP) based networking technologies. The company facilitates people to make powerful connections in business, education, philanthropy and creativity
- Cisco's organisational culture played a major role in helping it bounce back to normal after recording losses during the tech-meltdown in 2001
- Cisco's culture is mainly based upon transparency, customer focus, employee empowerment and integrity. The success of the company has primarily been attributed to its relationship with the customers, wherein the customers were given respect right from the beginning
- The company's top priority has always been customers and they believed that assessment of customer satisfaction was a continuous process. Hence, getting customer feedback was a regular process at Cisco
- The company always stressed on employees being proactive in identifying the customer's problems and resolving them immediately instead of waiting for the annual customer satisfaction survey
- The company's culture promoted a sense of employee involvement. If an employee wanted higher management's approval for his innovative idea, he had to discuss it with employee decision making team and if approved by them, he would get a green signal from the company's management
- The company's culture was evident even in the hiring process. With the purpose of recruiting employees who fit into the company's culture, it developed a selection criterion wherein recruits who were sensible and enthusiastic about Internet's future, and who were not besotted about status were employed
- Cisco's culture played a major role in the company, leading it to *Fortune's* "100 best companies to work for" for 10 consecutive years.

Students observed a pattern in the organisational cultures of Google, Starbucks and Cisco. They cited that all these companies were customer oriented and the customers were given top priority. Students noted that right from these companies' inception, culture was given the highest preference and the employees were treated with respect and dignity. Employees even rated these companies as one of the best places to work for in the world, making these companies reach top 100 of the *Fortune's* 'best companies to work for' list.

Drawing response from Q. No. 5, analyse the match between Zappos' organisational culture and its nature of business. Would Zappos' culture have been the same if its nature of business was different? Substantiate your answer with suitable analysis.

Students, when asked to analyse the match between Zappos' organisational culture and its nature of business, opined that the culture of the company and its nature of business completely match with each other:

- Zappos' culture revolves around its customer service. Since Zappos sells products online, its customer service oriented culture is apt. In this kind of business, customer is the king. The kind of business Zappos is in requires innovation in its products, creativity and enthusiasm in its employees, dedication to the service being provided, customer satisfaction and customers' feedback. Since the business is completely dependent on its customers and if the customers are not satisfied, the business deteriorates
- Zappos is basically an online shoe retailer which, of late, is into selling other products like handbags, accessories, clothing, electronic goods, etc. Shoes have to be first tried on before placing an order. However, since Zappos is providing free shipping and the customers can return all or some of the shoes after trying them on, it is in a position to compete with the offline shoe stores as well

- The way the employees are hired, especially the ones who are passionate about providing best customer service, also enhances their customer service oriented culture.

When asked whether the culture would have been the same provided the nature of its business was different, most of the students believed that the culture would differ if its nature of business was different. Depending on the nature of its business, the culture differs:

- Firstly, consider a company where the risk to be taken is low and the feedback it needs is fast like that of sales organisations and companies which manufacture low value goods. Here the type of culture is work hard/play hard. Usually, the culture is built around meeting the customer's needs. As long as the employees continue to work well and the company sells its products, everyone will be happy. In these kinds of companies, success is measured in quantity of the products sold. Zappos is a typical example of this kind of culture
- Secondly, consider a company where the risks taken are low and the feedback is also slow. This kind of culture is typically seen in civil service work and even actuarial work. These kinds of cultures often promote order and procedure but they are unresponsive and lack creativity. In these kinds of companies, employees get little feedback on their work
- Thirdly, consider a company wherein the risks are large but the feedback is short. Here the pressure on employees is high and basically they are judged based on their recent work. This kind of culture can be seen in Management Consultancies and even in entertainment industry
- Lastly, consider a company wherein the risks are high and the feedback is slow, like in the case of pharmaceutical companies, oil companies, etc. In this kind of companies, people have high regard for older and more experienced people.

“Developing a culture of excellence and engagement is notoriously difficult – yet critical for organisational performance. One jaw-dropping example – with salient lessons for organisations across the sectors – comes from Zappos.com, the leading online shoe retailer.”² What lessons does Zappos' organisational culture hold for other companies? Can a company like Adobe Systems adopt a culture as that of Zappos?

Since Zappos is a sales organisation, it has to be customer friendly. But this may not be the case with all the organisations. The culture varies depending on the kind of business the company is in. Students, when asked about the lessons that Zappos' organisational culture would hold for other companies, they responded as follows:

- Depending on the nature of its business, a particular culture should be adopted by a company
- Culture should not be forced on the employees
- Recruit employees who are not only technically efficient but also those who can culturally fit in the company
- Create friendly environment in the company no matter what business the company is in and give enough freedom to the employees to communicate openly
- Employees should never be pressurised to achieve targets.

When asked about whether Adobe Systems can adopt a culture like that of Zappos, they responded as follows:

² Christopher Gergen and Gregg Vanourek, “Zappos culture sows spirit”, <http://www.washingtontimes.com/news/2008/jul/16/zappos-culture-sows-spirit/>, July 16th 2008

Culture at Adobe Systems

Adobe, headquartered at San Jose, CA, is a leading software company. The company has a long system of innovation. Adobe products include industry-leading software, such as Photoshop, and leading technologies like Portable Document Format (PDF). They also sell popular server software, such as ColdFusion. Their popular development tools include Dreamweaver and Flash. Adobe's revenues climbed \$3 billion mark in 2007 and it has a total of around 7,000 employees' world-wide. The culture at Adobe is also unique like in the case of Zappos:

- The company's management encourages open, timely and honest communication
- The company is very concerned about its employees. This is very much evident in the way the employees react when asked about their employer
- Adobe employees are a hard working group who are rewarded well and treated with respect
- We often find Adobe in one of the 'top places to work for' list not only in the US but also in Canada and Germany as well.

Since Adobe Systems is a software company and since it is not customer service oriented, it cannot adopt a culture, which revolves around customer service. After understanding the culture at Adobe Systems, students could clearly distinguish between Zappos' and Adobe systems' culture. They observed that culture is very much dependant on the kind of work carried out by the company.

III. Founder's Impact on the Culture

"Founders exert an extraordinary influence on the culture of their organisations."³ How much influence does Hsieh have on Zappos' organisational culture?

- When students were questioned about the influence of Hsieh on the culture of Zappos, majority replied that the company's culture is majorly dominated by the employees' personality and values and Hsieh has a minor influence on the culture of Zappos
- However, Zappos developed an extraordinary culture which has been majorly influenced by Hsieh
- Hsieh's role is not to dictate the culture. His role is to create an environment wherein employees feel very comfortable being themselves. They drive the culture forward by expressing individuality
- In the case of Zappos, Hsieh always wanted customer service and customer experience to be the company's brands rather than the company's shoes and online retailing. He influenced the culture of the company by his values and beliefs. He believed that by hiring right people who have the passion for delivering excellent customer service, he could develop and sustain the culture of the company. Even in the training process, he made sure that only the people with the right attitude could continue working for the company and this, in a way, would help the employees to excel in their work
- Once the people with right attitudes were hired, Hsieh gave his employees enough freedom to express their individuality in their work.

According to you, is Zappos' organisational culture a reflection of the personality and values of Hsieh or its employees?

- When students were asked whether Zappos' culture was a reflection of Hsieh's personality or not, students were of the opinion that the organisation's culture was mostly a reflection of the employees' personality and values

³ "Organizational Culture", op.cit.

- Tony is basically an introvert. As the business demands employees who are extrovert by nature and bubbling with enthusiasm, the culture has originated from the employees' personality and values
- However, to some extent, the organisational culture of Zappos is influenced by Tony's personality, attitudes and beliefs as well.

After discussing the above facts, students could conclude that even though the culture at Zappos was not a direct reflection of Hsieh's personality, he did influence the company's culture by employing people with the right attitude and sustaining the same.

IV. Repercussions of the Exit of a CEO

Analyse what kind of companies should focus on organisational culture. When should a culture decision be taken? What should be done to ensure that the organisational culture sustains even after the CEO leaves?

Students believed that no matter how big or small an organisation is, it should always strive to create a unique organisational culture.

- It is very important, when a business is started, to think about nurturing an organisational culture. After discussion with the partners of the company, the management can decide what kind of culture has to be built
- The founders of the company just can't create or dictate a culture. Rather, it should be initiated and incubated by the founders
- Culture cannot be formed right when the organisation has taken shape and it should be adopted right in the beginning of the company's establishment. Therefore, the students opined that organisational culture decision should be taken as early as possible.

When students were asked about what should be done in order to sustain the culture once the CEO leaves, they responded as follows:

- A CEO tries to bring a varied and independent-minded executive teams together. Therefore, the people brought up in the same kind of company culture display lot of similar characteristics in terms of work. For that reason, when the board of directors tries to appoint a new CEO, they should be very careful and vigilant
- Changing the CEO is same as changing the attitudes and styles of thousands of people towards work. The public sees the CEO as a reflection of the company he/she leads. If this fact is taken into account, there is a strong perception that if the CEO himself leaves, then the company would no longer reflect the personality he had given to it. For an organisational culture to sustain even after the founder or the CEO leaves, the culture should already be imbibed in the employees
- For this to happen, the culture should become the priority right from the stage of hiring employees. In the hiring process, they should be tested for cultural fit. Next is the training of the new recruits after the hiring is done. Each employee should be taken through a training process in which extensive training on culture should be given.

The students, after going through the facts discussed above, opined that once the hiring and training process is over, the culture can be adopted by the employees.

"If the company's de facto heart and soul quits for any reason, morale will plummet."⁴ In Zappos, if the organisational culture is a reflection of Hsieh's personality, then what are the future prospects of the company once he leaves? Will his exit affect the company negatively? Justify.

⁴ Leigh Buchanan, "The Office: The Culture Wars", <http://www.inc.com/magazine/20070201/column-buchanan.html>, February 2007

Nearly all the students opined that if Hsieh leaves the company, the culture would not be affected since it is just not the influence of his personality, but it is the amalgamation of all its employees' personality and values.

- Undoubtedly, Hsieh is the heart and soul of Zappos. He is the one who developed a customer service oriented culture and turned a virtually zero revenue earning company into a \$1 billion company
- Hsieh believes that the company will sustain its culture no matter who leaves the company. Zappos is a company wherein the employees are free to do whatever they want and express their individuality and can freely interact with their customers. Sometimes, they interact more on a personal level rather than a professional level in order to make the customers feel comfortable. There have been incidents wherein the customers were sent personal cards, gifts for some special occasions like wedding anniversaries, birthdays, etc.
- Every employee influences culture in some way or the other since he/she is very much part of the company.

Students were of the opinion that Hsieh's exit from the company would not have a negative impact on the company because they understood well that the culture has been imbibed by each and every employee of the company. They believed that no matter whosoever leaves the company, the culture would sustain.

Big Picture

If an organisational culture for a company is designed oblivious of the inherent nature of its industry, would it lead to a complete mismatch between the nature of the work and the organisational culture designed for the company? In other words, does it make better sense for any company to take note of the inherent nature of its industry before it embarks upon designing its organisational culture?

Final Thoughts

The classroom discussion can be concluded by asking students about their views on the impact that Hsieh's exit from the company would have on Zappos. They can also be asked to debate on various ways in which the company can deal with the problems, which might arise after Hsieh's exit.

**Annexure (TN)-I
Teaching Plan**

Sl. No.	Analysis Section	Expected Learning Objectives	Forward Linkage	Ideal Duration (minutes)
1	Significance of Organisational culture	<ul style="list-style-type: none"> ▪ To understand what organisational culture is ▪ To analyse what organisational culture is according to Tony Hsieh. 	Provides a background for understanding the organisational culture in general and of Zappos, in particular.	20
2	Work Culture and Organisational Culture: Similarities and Differences	<ul style="list-style-type: none"> ▪ To understand the similarities and the differences between organisational culture and work culture. 	Gives an understanding of how culture is dependent on the nature of a company's business.	15
3	Linkage between Nature of Business and Organisational Culture	<ul style="list-style-type: none"> ▪ To analyse the relation between a company's organisational culture and the nature of the company's business ▪ To understand the lessons Zappos' culture holds for other companies. 	Gives an understanding of how the founder's personality and attitudes influence the organisational culture	20
4	Founder's Impact on the Culture	To understand the influence a founder has on the company's culture in general and in Zappos, in particular.	Provides a background for the impact of the CEO's exit on the culture and operations of the company.	20
5	Repercussions of an Exit of a CEO	<ul style="list-style-type: none"> ▪ To understand the impact of CEO's exit on the organisational culture ▪ TO analyse how a company can deal with the problem of a CEO leaving a company. 		15

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