Delivering Happiness

Introduction

CEO of Zappos and author of the book, *Delivering Happiness*, Tony Hsieh uses his motivational expertise to coach business leaders. His goal is to teach others how to inspire employees and instill a sense of true satisfaction and happiness. Hsieh reflects on his personal journey to happiness and his discovery that money alone did not provide him with the happiness he worked so hard to achieve.

At the age of 22, Hsieh graduated from Harvard University majoring in Computer Science. Soon after graduating, Hsieh went to work for Oracle Corporation but found himself frustrated with the corporate world. He then set off to start an online advertising company named LinkExchange. In just two years, Hsieh grew the business to be worth over $265 million before he decided to sell the company to Microsoft in 1998. While this decision made Hsieh a multi-millionaire, Hsieh still felt unsettled and discontent. In 1999, Hsieh was hired as the CEO of Zappos. At Zappos, Hsieh uncovered the key to making him truly happy.

Through Hsieh’s journey, he has discovered that the key to obtaining true long-term happiness is to live out his passion to build a company with true meaning. He needs to feel like he is improving the lives of others along with building a successful, profitable business. Hsieh wants to feel like he is part of a greater system aimed at changing the world. To reach true happiness, Hsieh knows he has to focus on his internal desire to love what he does and to be willing to let go of his external wants.

Hsieh believes that the best businesses are the ones that are able to combine profits, passion, and purpose. The more a business is able to look past just profits and impact the world, then the better off the business will be because of these efforts. Customers, shareholders, employees, and society as a whole will recognize the benefits of the business’s work, enabling the business to achieve success and sustainability.

In this reading, we will explore the four components to building happiness at work that Hsieh refers to in his book and how he implements these components at Zappos to deliver happiness.
Four Components to Building Happiness at Work

According to Hsieh, there are four components to building happiness at work: perceived progress, perceived control, connectedness, and meaning. By understanding the strength of these components, employees are able to achieve true purpose and happiness. These four components are explained in further detail below.

1. *Perceived progress* – Perceived progress is the notion that an employee has a say in the type of work that he or she does and in his or her future career path. According to Hsieh, the more growth an employee sees in his or her career, then the happier he or she is at work.

2. *Perceived control* – Perceived control refers to the concept that an employee determines his or her career path and work progress. Hsieh says that the more control an employee has, or perceives to have, over his or her career, then the happier he or she will be.

3. *Connectedness* – Connectedness is the number and depth of relationships an employee has at work. According to Hsieh, the more real friendships an employee has at work, the higher the degree of employee involvement.

4. *Meaning* – Meaning refers to an employee being connected to something greater and more meaningful. Hsieh believes that if employees belong to a company motivated beyond just profits and market position, then employees will feel a sense of real fulfillment and happiness.

If an organization incorporates all of these components into its culture, then it can deliver an environment that supports true employee happiness. Employees can love what they do and organizations can be filled with a true sense of purpose. These components can enable an organization to achieve success beyond just money.

Delivering Happiness at Zappos

Starting out as just another investment for Hsieh in 2000, Zappos soon became his podium for delivering exceptional customer service. Hsieh believed in developing the company around outstanding customer service and providing customers and employees with true happiness. For instance, Zappos’ service benefits included a 365 day return policy, a 24/7 service center, and free shipping both ways. This unique philosophy was reinforced by Zappos’ public motto that “customers are kings” and with its core values to
“think different, act different, be different.” Hsieh built a culture where happiness and service were the ultimate goal of the company.

Hsieh implemented each of the four components to building happiness in the workplace at Zappos. Examples of how he implemented each component are included below.

Hsieh implemented the first component to building happiness at work, perceived progress, by modifying the existing job classification and advancement structure defined at Zappos. The previous advancement structure provided a definitive three-year process for advancement. An employee would start out as a merchandising assistant for a specific period of time, then progress to an assistant buyer, and then finally advance to a buyer. The employee was required to remain in that position for a specific period of time, usually 18 months, before progressing to the next level. Hsieh came up with the idea of adding three different levels to each job classification to allow employees to move up levels in shorter periods. For example, an employee would start as a merchandising assistant at level one and could move up within that job classification to a level two and level three. This structure provided the employee with a sense of perceived progress and advancement.

To provide employees with perceived control over their career and work progress, Hsieh implemented a unique wage increase framework at Zappos. Employees did not receive automatic annual pay increases. Instead, employees received pay bumps as they obtained new skill sets. An employee could achieve 20 possible skill sets. The more skill sets an employee acquired, the more money he or she would earn. If a person was okay with the amount of money that he or she was currently earning, then he or she could opt to not learn additional skill sets and stay at the same pay grade. The choice was ultimately up to the employee.

Next, Hsieh implemented the third component of building happiness at work, connectedness, by bringing a sense of closeness and friendship to the culture. Hsieh believed that by employees thinking of their coworkers as family, this would lead to employees being more involved and happier at work. A bell was installed in the main office of Zappos. The bell was rung each time an employee made an announcement or confession, followed by a loud applause from coworkers. Announcements ranged from promotional advancements to funny personal statements such as “I forgot my deodorant.” This unique, weird, yet humorous act fostered a connected atmosphere, similar to the comfort found in a person’s family environment.
To provide a sense of true meaning to Zappos employees, Hsieh shifted the vision of the company from being the largest online shoe retailer to delivering happiness. This new vision ignited employees with a passion, giving them the drive to achieve stronger goals, faster. Employees used their passion to fuel creativity and productivity, while ensuring a sustainable and profitable future for Zappos.

Conclusion

Zappos has become famous for its unique culture, aimed at motivating employees to do their best and to love what they do. Their distinct philosophy to deliver happiness is not only applied to employees, but also to the company’s customers. By implementing Hsieh’s four components to building happiness at work, Zappos has instilled happiness with employees and customers while also becoming one of the largest and most profitable online shoe retailers in the world.

Summary:

- Tony Hsieh, CEO of Zappos and author of the book Delivering Happiness, uses his motivational expertise and personal journey to teach business leaders how to inspire employees and instill a sense of true satisfaction and happiness.
- Hsieh believes that the best businesses are the ones that are able to combine profits, passion, and purpose.
- According to Hsieh, there are four components to building happiness at work. The components are:
  1. perceived progress, which is the capacity for employees to see they are advancing in their careers and choosing what type of work to perform;
  2. perceived control, which is the ability for employees to determine their career path and work progress;
  3. connectedness, which is the number and depth of relationships an employee has at work; and
  4. meaning, which is feeling connected to something greater and more meaningful.
- An organization that incorporates all of these components into its culture can deliver an environment in support of true employee happiness.
- Hsieh built a culture at Zappos where happiness and service are the ultimate goal of the company.
• By implementing Hsieh’s four components to building happiness at work, Zappos has instilled happiness with employees and customers while also becoming one of the largest and most profitable online shoe retailers in the world.

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