



賢者の言葉

The words of a wise man

Tony Hsieh
【英語版】

Tony originally got involved with Zappos as an advisor and investor in 1999, and joined Zappos full time in 2000. Under his leadership, Zappos has grown gross merchandise sales from \$1.6M in 2000 to over \$1 billion in 2008 by focusing relentlessly on customer service. Before joining Zappos, Tony co-founded LinkExchange, which was sold to Microsoft for \$265 million in 1998.

Tony focuses on continuing to grow the business at a rapid pace while maintaining the culture and feel of a small company. Prior to joining Zappos, Tony co-founded Venture Frogs with Alfred Lin. Venture Frogs is an incubator and investment firm that invested in Internet startups, including Ask Jeeves, Tellme Networks, and of course, Zappos.com. Prior to Venture Frogs, Tony co-founded LinkExchange, an advertising network that was successfully sold to Microsoft for \$265M in 1998.

Tony met Alfred Lin (COO/CFO) in college, when Tony was running a pizza business and Alfred was his #1 customer.

I ask a lot of guys if they've heard of Zappos and they say no, they personally have not shopped with us, but they think their significant others – girlfriends or wives – have shopped with us before. So I did this survey once while I was giving a tour of our offices, our offices are actually located in Las Vegas, so there's my contact information, ceo@zappos.com. I'll give information later on about how to get a tour of our headquarters in Las Vegas, they're actually open to the public, and there are some days where we actually have 50 tours going on all at once.

So I was giving a tour to – this was like maybe a year or so ago – to an executive for one of the major record labels in the US, and I asked him the same question, if he had shopped at Zappos before. He said no, but he thinks his wife probably has because of these white Zappos boxes which would show up on his doorstep every day, and then they would disappear. He suspected that his wife was ordering them, but when he asked her if she was returning the shoes or if she was just purchasing more and more shoes, she refused to tell him whether she was actually shopping at Zappos before.

So we went through the tour. The tour is a lot of fun, it takes about an hour or so, we went through the merchandising area on the ground floor and then we went upstairs to our loyalty team, which is our name for our call center, and I asked him the same question. Then he kind of looked around the call center and found one of our reps, and sat down next to her and forced her to pull up his wife's account. He discovered that she had actually spent over \$62,000 in her lifetime, so hopefully we're not the cause of any divorce proceedings at Zappos.

Before getting into Zappos, I'd like to talk about what led me to Zappos. The story actually begins with pizza. In college, I was running a pizza business with a roommate of mine on the ground floor of our dorm. The dorm had maybe 300-400 people in it. We were responsible for...we bought the ovens ourselves, invested in the ovens, we would order from suppliers, we would set the menu, hire the workers, and occasionally we were making the pizzas ourselves.

This guy named Alfred, who's actually our CFO and COO today at Zappos, would stop by every night and buy a large pepperoni pizza from us. To me that wasn't that weird, because actually we knew in college that Alfred could eat a lot. We actually had nicknames for him like Monster or Human Trash Compactor.

Literally, late at night there would be ten of us going to a Chinese restaurant at 3:00 am and he would finish everyone's leftovers, whatever was left over on their plate.

So it wasn't that weird that he would stop by every night and buy a large pepperoni pizza from me, but then a few hours later sometimes he would stop by and buy another large pepperoni pizza from me. I was thinking, "Okay, this boy can eat." I found out a few years later that he was taking the pizzas upstairs and then selling them off by the slice, so that's why he's our CFO and COO today at Zappos.

After the pizza business, Sonje was my roommate's name - I guess, still is his name - we started a company called Link Exchange together, it did online advertising. We grew that to about 100 or so people, and ended up selling the company to Microsoft in 1998. What a lot of people don't know is actually why we ended up selling the company. The reason we did is because the company culture just went completely downhill, we didn't know any better and we just didn't pay any attention to it.

I remember when there were just five or ten of us, it was kind of like your typical .com back in the day. We were working around the clock, sleeping under our desks, had no idea what day of the week it was, showering occasionally, but having a ton of stuff doing it. Then we hired all of the right people with the right experiences and skill sets, but some of them weren't culture fits and by the time we got to 100 or so people, I myself dreaded waking up in the morning and having to force myself to do to the office. I started hitting the snooze button more and more often. That was kind of a weird feeling for me, because this was a company that I had co-founded, and if I myself didn't want to go to the office, I was thinking, "How must all the other employees feel?"

So we ended up selling the company, got lucky with the timing, and then Alfred and I got together after that and we formed an investment fund. We invested in about 20 or so different companies, and Zappos just happened to be one of them. Over the period of about a year or so, I kind of realized that just being on the investing side was pretty boring. I really missed actually being part of building something, so basically within a year I decided to join Zappos full-time and I've been with Zappos ever since.

Then, as was mentioned, Amazon just announced the acquisition of Zappos. Actually, if you go to the...I'll make this presentation available so you don't have to write down everything...but if you go to the URL there, there's this long letter that details everything. They're allowing us to continue running the company independently, so we're all pretty excited about continuing to grow the Zappos brand and our culture.

Quick stats, we have about 1,300 employees, about half our employees are in Las Vegas where our headquarters are, and the other half are in Kentucky right next to the UPS hub, that's where our warehouse is. Most people know us as an online retailer of shoes, we've been around for a little over 10 years now, because that's how we started. Actually, today we sell a lot more than shoes. We sell clothing, housewares, kitchenware, beauty and makeup products as well.

Really, internally we think of Zappos pretty differently. We're really hoping that in ten years people won't even realize that we started out selling shoes online, we really just want the Zappos brand to be associated with the very best customer service and the very best customer experience. Actually it doesn't even have to be limited to E-commerce, we've actually had customers E-mail us and ask us can we please start an airline, or run the IRS. We're not going to do either of those things this year, but 20-30 years from now I wouldn't rule out a Zappos Airlines that's just about the very best customer service.

So one brand, actually, that we looked to a lot for inspiration was Virgin, Richard Branson's company, and the difference is that the Virgin brand is about being hip and cool whereas we just want the Zappos brand to be about the very best customer service.

We've gotten a lot of recognition by the media, especially over the past 6-12 months, but the one we're most proud of is actually in January of this year, we made the Fortune 100 best companies to work for. That was a goal that we set out very early on, because we wanted to do Zappos right this time and make sure that culture was our number one priority and that we don't make the same mistake that I made at my previous company. We were all pretty excited and happy that we made the 100 best companies to work for list.

So some other stats that we have a little over 11 million customers, purchasing customers, and more than 99% of our business is in the US, and it's because of our location right next door to the UPS hub that we can do a lot of special things for our US customers, and I'll talk a little more about that later on. On any given day about 75% of our orders are from repeat customers. Our whole philosophy is, let's take all that money that we would have spent on paid marketing, and instead of spending it on paid marketing or paid advertising, invest it into the customer experience and invest it into customer service instead, and then let our customers do our marketing for us word-of-mouth.

So we basically have grown from no sales in 1999 to over a billion dollars in gross merchandise sales in 2008. The number one driver of that growth has been through repeat customers and word-of-mouth, so every opportunity that we get we keep trying to raise the bar in terms of customer service and that customer experience.

So what is customer service? Well, it starts with our policy, so in the United States it's free shipping both ways, which means that a lot of customers will order ten different pairs of shoes, for example, and try them on with ten different outfits in the comfort of their living room, and then send back the ones that don't fit or they just don't like. We encourage that type of behavior. If someone doesn't know if they're a size 9 or 9 ½, then we tell them to order both and then just send back the one that doesn't fit.

For us, we really think of that shipping back and forth as part of our service, returns are not a bad thing for our business model. In fact, we've actually studied the customer behavior and we've found that customers that return stuff more often, once they get used to the shipping back and forth -- it's kind of like Netflix, that's just part of the service -- they actually end up spending more dollars per year compared to the customers that never return anything from us. They get used to the convenience and they don't view it as so risky to try stuff out that they maybe otherwise wouldn't.

The other thing we have is a 365-day return policy for people that, I guess, have trouble committing or making up their minds. On most websites it's hard to find contact information, it's usually buried five links deep and it's an E-mail address

that you can only E-mail once and so on. We take the exact opposite approach, we put our 1-800 number at the top of every single page of our website because we actually want to talk to our customers. For us, we really view customer service as an investment, not as an expense.

It's funny, because a lot of times I'll speak at marketing conferences or branding conferences, and there's a lot of discussion about consumers being bombarded with literally thousands and thousands of messages every day, how do you get your brand to stand out? How do you get your message to stand out? Kind of as...you know, there's a lot of attention given today to social media or product placement or whatever, and for us, as kind of low-tech and unsexy as it may sound, we believe that the telephone is actually one of the best branding devices out there. You have the customer's undivided attention for 5-10 minutes, and if you get the interaction right what we've found is that the customer remembers that for a very long time, and what we've found is they also tell their friends and family about that interaction.

So a lot of times we get a lot of questions about, "What's a great way to get on to Twitter?" or Facebook or other types of social media in order to connect with customers, and our belief is the best social media, from a business perspective, is still the telephone, and yet that's a place where a lot of businesses try to cut their expenses.

Then there's what happens after we get the credit card from the customer, that's actually where we put most of our focus, it's after we already have the money from them. We do all sorts of things. Our whole goal is that we want to create some sort of emotion with the customer, and create a personal emotional connection with the customer, and we do a number of different things. For our repeat customers, for example, in the US we'll do a surprise upgrade to overnight shipping even though they're expecting it a week later. Because we run our warehouse 24/7 -- and running a warehouse 24/7, by the way, is not the most efficient way to run a warehouse -- the most efficient way to run a warehouse is to let the orders pile up and then when the picker in the warehouse has to go pick the orders he doesn't have to walk as far, and that would be the right approach for maximizing efficiency. We're not trying to maximize efficiency, we're trying to maximize the customer experience.

Because we run our warehouse 24/7 close to the UPS hub, a lot of customers order as late as midnight Eastern Time, and then the order shows up on their doorstep eight hours later with that surprise upgrade, and that creates that emotional response within the customer. Internally, we call it, it creates “wow,” we want every customer to say “wow” when they interact with us.

We run our call center differently from most call centers. Most call centers have this concept called average handle time, which is basically about how efficiently can you talk to the customers, which translates into how quickly can we get the customer off the phone. We don't have phone times, in fact I just found out that our record phone call was about a month ago, it was 5 hours and 57 minutes long. Customers will call...most calls actually do not result in an order. Customers will call for all sorts of reasons, they call because maybe it's their first time going through a returns process, or maybe they're going to a wedding this weekend and they just want someone to shop along with them. I think some of them call just because they're lonely or something, but we'll help them out as best we can.

We don't have scripts, we don't have call times, we don't try to up-sell, all we care about is whether we go above and beyond for the customer. Really, each phone call is a brand-building opportunity, and that's really how we view it. What's the best way for us to build our brand so that by the end of this call, our brand is going to be that much stronger in terms of standing for the best customer service and the best customer experience.

For example, every rep is trained so that if a customer is looking for a specific pair of shoes and we're out of the right size, to look on at least three competitor websites. If they find the shoe in stock on one of those competitor websites, they're to direct the customer to that competitor. Obviously we lose that sale or that transaction, but we're not trying to maximize every single transaction. Our goal is to build a lifelong relationship with our customers, 4,000-6,000 calls and E-mails every single day. Basically we're building our brand one phone call at a time, one E-mail at a time.

Some of the things -- I talked about running a warehouse 24/7 -- so there's all these things that we do on the customer service side, but our number one priority at

Zappos is actually not customer service. Our number one priority is company culture, and our whole belief is that if you get the culture right, then long-term stuff like building a long-term, enduring brand or delivering great customer service will just happen naturally on its own. We really believe that, especially in today's world where information travels so fast, someone can post something on a blog or on Twitter or so on, and instantly you reach hundreds of thousand, if not millions, of people.

But a company's culture and a company's brand are really just two sides of the same coin. Our belief is that a brand is just kind of a lagging indicator of the company's culture. Building a brand today is really different than it was 50 years ago. Fifty years ago a few people get together in a room and decide, "Okay, this is what our brand is." Buy a lot of TV advertising and you're done, you've built a brand. Whereas today, really, your brand is not 100% in your control, it's in the control of the minds of your customers. I'll give you an example. Think of the airline industry in general, not any specific airline, but if you think of the industry in general and I ask you, "What do you think of the airline industry?" Most people will say things like bad customer service, apathetic employees and so on, that is the brand of the industry. No airline set out to make that their brand, yet that is the brand of the industry. So we really just focus on the culture and making sure we get the culture right.

Some of the things we do culture-wise, it starts with the hiring process. Everyone we hire, it doesn't matter for what position, we do two sets of interviews. The first set is just kind of your standard set, the hiring manager and his/her team will interview for your fit within the team, technical ability, relevance, experience, and so on. Then we do a second set of interviews, and that's done independently by our HR department.

The second set of interviews is purely for culture fit, and they have to pass both in order to be hired. So we've actually passed on a lot of really smart, intelligent people that we know can make an immediate impact on the top or bottom line, at least in the short term, but if they're bad for the culture, they're not a good culture fit, then we won't hire them. It's not even a question, there's no debate because we separated the HR interviewing process from the manager interviewing process.

I think at most companies, if someone is not a culture fit but they have great experience and technical ability, then they'll probably end up getting hired. That one hire isn't going to bring the company culture downhill, but you keep making compromises like that over and over and over again. I think that's why most large companies don't have great cultures.

We do the reverse as well, we will fire someone even if they're doing their specific job function perfectly fine, if they're doing something that's bad for the culture or they're bad for the culture in general, then we'll fire them for solely that reason. Performance reviews are 50% based on culture contributions as well. We also have this thing called a culture book, and I'll make this freely available at the end of this presentation. This is actually our fifth edition, and it's something we put out once a year and we ask every employee to write a paragraph about what the Zappos culture means to them. Except for typos, it's unedited. It includes the good and the bad and it's organized by department, so you can see how our warehouse culture might be slightly different from our accounting culture, for example. We make that freely available to prospective employees and visitors to our offices, and I'll make this available to you guys as well.

Twitter, we're actually very, very active on Twitter. During our employee orientation we teach all of our employees how to get on Twitter, and if you go to twitter.zappos.com there's a link at the top that you can see, actually, our employees that are on Twitter and we aggregate their conversations together, so that can give you a great sense of our culture as well.

The other thing we do is everyone that's hired in our headquarters, it doesn't matter what position you're in - you could be an accountant or lawyer or software developer - you go through the exact same training that our call center reps go through. You go through a five-week program, one week is spent in Kentucky doing all of the different warehouse function - picking, packing, receiving and so on - but for the four weeks in Las Vegas we go over company history, the importance of customer service and company culture, and then we train you in customer service tools and then you're actually on the phone for two weeks taking calls from customers, it doesn't matter what position you're in.

Our whole philosophy, and the reason we do that, is because we believe that if

we're serious about building our brand or about being the very best customer service, then customer service shouldn't just be a department, it should be the entire company. Thanks. So during that training process, we actually do something else to help protect our culture. At the end of the first week in training, we make an offer to everyone in the class, and every class - we do classes about once a month - every class is about 20-30 people. The offer is this, "We will pay you for the time you've already spent training, plus a bonus of \$2,000 to quit and leave the company right now." That's actually a standing offer to the end of training, I think we actually just extended it another 30 or 90 days beyond that.

The reason we do that is because we don't want employees that are there just for a paycheck. We're located in Las Vegas, there are plenty of other call centers in Las Vegas, starting pay is \$11 an hour, so \$2,000 is a pretty good chunk of change for that starting pay. In 2008...or in 2007 when we started it, we had about 3% of people take the offer. In 2008 less than 1% of people took the offer. In this year so far no one has taken the offer, but we actually keep upping the offer because we feel that not enough people are taking the offer.

When we first did it, we thought, "Okay, this is a great way to get rid of people that probably are going to leave anyway 6-9 months down the line." That did happen, but actually the greatest benefit that we've gotten out of it is from the people that don't take the offer, because they have to go home and think, "Okay, is this a company whose long-term vision I really believe in? Is this a company whose core values match my own core values? Is this a company whose culture I really want to be a part of?" They have to talk to their friends and family about it and talk about it over the weekend, and then when they come back on Monday and decide not to take the offer, what we've found is they're that much more committed and engaged and passionate about the company. So for us it was kind of a surprise that that ended up being the greatest benefit.

So for 2009, and probably for the next several years, in terms of the Zappos brand we're really thinking of our goal as trying to own the three C's - clothing, customer service and culture. We really think of this in terms of the life cycle of the customer. For customers who have never heard of Zappos, have no idea what we do, we want to make sure that they understand our clothing message, which is that we have a large selection of clothing and footwear and a few other product

categories as well. Once customers know about our shoes and clothing and all that, we want them to understand that we're all about the very best customer service. That's not really something we tell them so much as something they experience when they get that surprise upgrade to overnight shipping, or when they call our call center.

Even though 95% of our orders are on the internet, what we've found is that on average every customer actually does call us at least once sometime during their lifetime, so we definitely pay a lot of attention to how we interact with the customers over the telephone. Then for customers that know that know that we're all about customer service, then we want to make sure that they understand our company culture and our core values, because that is the platform that makes that all possible.

We think of it as owning the three C's, and we've actually had customers E-mail us and tell us when they receive that box with the perfect outfit or the perfect pair of shoes, that Zappos is happiness in a box. So whether it's the happiness that the customers feel from getting that perfect outfit, or the happiness that customers feel from a great customer service experience, or the happiness that the employees feel about being a part of a culture that they really view as an extension of their family and friends. Really, the thing that ties all of this together, is that Zappos is really all about delivering happiness, whether it's to customers or employees, and we apply the same philosophy to our vendors as well.

So what is the Zappos culture? We've defined, kind of formalized our culture into ten core values, and the keyword here is actually not just core values but committable core values. You know, a lot of companies have what they might call core values or guiding principles or so on, but usually they're very lofty-sounding, it reads like a press release that the marketing department put out, and maybe you learn about it on day one of employee orientation but then it's a meaningless plaque on the wall. We wanted to come up with something that was committable, meaning that we wanted to be able to hire and fire people based on whether they were living up to these core values or not. If you're not willing to, then they're not really core values, it's just words on a piece of paper.

So these are our ten core values at Zappos, and when we interview people and do

performance reviews and so forth, we actually have questions for each of these core values. Probably the one that trips us up the most is number 10, “Be humble,” because there are a lot of really smart, talented people out there that are also really egotistical. For us if, during interviews, someone comes across as really egotistical, there’s no question, we just won’t hire them, whereas I think the conversation would be pretty different at other companies. They’d say, “Well, this person is kind of annoying, might rub you the wrong way, but is going to add a lot of value so let’s hire that person.” We would never allow that to happen.

I’ll give some examples of some of the questions we might ask for some of these core values. So number three, “Create fun and a little weirdness,” one of our questions is actually, “On a scale from one to ten, how weird are you?” if you’re a one, you’re probably a little too straight-laced for the Zappos culture, if you’re a ten you might be a little bit too psychotic for us. The point of the question isn’t so much that we care what the number is, it’s more how the candidate reacts, because our whole belief is that everyone is a little weird somehow, and really it’s just a fun way of saying that at Zappos we really recognize and celebrate each person’s individuality and personality. We want their true personalities and creativity to shine in the office, to come out in the office whether it’s interacting with co-workers or on the phone with customers.

So this goes back to us not having scripts, we really leave this up to each rep to decide, “Okay, what’s the best way to wow the customer?” That fits in with each rep’s personality. So if you are the customer, you might call us twice and maybe the first time you get someone that’s really chatty, loves telling jokes, and is maybe just making you laugh through joke-telling, and that’s great. We don’t tell, “Don’t tell jokes.” Or “Always tell jokes.” That’s just maybe the rep’s personality. Then the second time you call, you get a different rep who’s maybe not a joke-teller, but for example the rep hears a dog barking in the background, and then the rep also has a dog and you guys can bond over dog-ness or whatever dog people do. Maybe you’re from the same home town or there’s a baby crying in the background, whatever, we really leave it up to each rep. Really, our goal is we want to develop a personal emotional connection with each phone call.

Number four, be adventurous, creative, and open-minded. So one of our interview questions here is, “On a scale from one to ten, how lucky are you in life?” One is,

“I don’t know why bad things always seem to happen to me,” ten is, “I don’t know why good things always seem to happen to me.” Well, we don’t want to hire the ones because they’re bad luck and they’re going to bring bad luck to Zappos, and we don’t want bad luck to come to Zappos, but this whole idea actually was inspired by a national research study that was done where they actually asked the same question to a group of people and they got answers all over the board, some ones, some tens, some in between. Afterward, after asking how lucky they are in life, they had all the participants do a task. The task was this, go through a paper – they gave them a newspaper – and count the number of photos that are in that newspaper, and when you’re done tell the researcher the answer.

Well, what they didn’t realize is that it was actually a fake newspaper, and sprinkled throughout were headlines like, “If you’re reading this headline, then you can stop right now, the answer is 37 plus collect an extra \$100 from the researcher for reading this headline.” What they found was that the people that considered themselves unlucky in life generally never noticed the headlines, they just went through the task at hand and generally got the right answer, but it took them a while. The people that considered themselves lucky in life generally stopped early and made an extra \$100. So the take away is that people aren’t inherently lucky or unlucky, but luck is more about being open to opportunity beyond the task or situation as it presents itself. That’s why we ask that question for number four.

Another example I like to use sometimes, is for those who have ever bought a new car, in the weeks and months leading up to when you actually buy the car – but when you’re already thinking about the car – suddenly you see the car you’re thinking about all over the road, right? It’s not like suddenly more cars appear, that people want to copy you, it’s more that you’re just noticing things that you maybe didn’t notice before. So that’s why we ask that one.

One of our core values is about being open and honest, and we really believe in committing to transparency. We try to be as transparent as possible, and we do it in a number of ways whether it’s to our employees, our vendors, or to our customers as well. So I talked about [twitter.zappos.com](https://twitter.com/zappos), we actually don’t have a Twitter policy beyond just telling employees, “Be real and use your best judgment.” We don’t tell them what they can and can not say.

We have an employee newsletter called Ask Anything that is literally that, employees can submit any question they want, anonymously, and it can be about company financials or questions about brands we're going to carry, really any question. We'll respond to the question once a month in a newsletter that goes out. We have an extra net for vendors, so we work with over 1,000 different vendors and brands. Most retailers are really secretive and don't really tell them how sales are overall, whereas we give them an extra net so they can see the exact same information our own buyers can see. They can view on-hand inventory, profitability, markdowns, sales, and so on.

When we first show them this system a lot of them are really surprised, they say, "Well, aren't you worried that this information is going to get into the hands of competitors?" The truth is, okay, I'm sure some information does get into the hands of competitors, but on the flip side we have over 1,000 extra pairs of eyes helping us co-manage our business that are not on our payroll. What we've found is that the benefits far outweigh the costs, and they feel much more involved with the company when they're seeing the same information we're seeing.

I mentioned we give tours, we also – whether it's television reporters or newspaper reporters – when they come into our office it's very different from interviews that happen at most other companies. Most other companies usually they're escorted around by a PR person, and the PR person says, "Okay, you can talk to that VP over there and that person in PR over there, don't talk to anyone else, everything else is off-limits." Whereas for us, what we do is we give them a tour of the office and then afterward we say, "Bathroom is over there, lunch room is over there, look around, feel free to talk to whoever you want and then come find me when you're done."

They're not going to get exactly the same words from different employees we talk to, but the reason we're comfortable with doing that is we know we've hired the right employees on the front end and we've trained them and made sure that they understand the company's long-term vision. So after talking to 10, 11, however many employees, then the reporter will get a pretty consistent picture of our core value and what we're trying to do at Zappos.

We also have a website called Zapposinsights.com, and it's a subscription service

where...basically it's meant for small businesses, it's \$40 a month, and we allow any question, it's kind of like Ask Anything except for B2B. So let's say someone has a question about what interview questions we use, or how do we evaluate a candidate. We'll actually do a video interview with the best person to answer that question, so in this case it might be the head of recruiting. We record the answer on video and then make it available to everyone. Unless there's a legal issue where we can't disclose information, we're pretty much an open book, we share as much information as possible.

We also have a live program, we've been doing it about once a quarter. Every quarter about 20 companies from all over the country or even the world come and spend two days with us, and we really immerse them in how we do things at Zappos. Again, we share as much as possible, there really aren't secrets at Zappos.

So this is a common response that we get, "Happy for you Zappos, you have a great culture, but it would never work at my company." There's a couple of great books I would recommend, if you haven't read them. One is called Good to Great by Jim Collins, and the other book is called Tribal Leadership by Dave Logan.

Actually we have the audio version of Tribal Leadership available for download for free from the Zappos website. It's something that we partnered with the authors on just to get the information out there.

Basically, in both books they studied companies that perform great over the long-term and compared them with companies that just do okay or merely good. They looked at what are the differences between the great companies? What makes the difference between a great company or just a good company? One of the things they found was that strong cultures make a huge difference, they're a very important part of making your company great. The other thing they found out is that it really does not matter what your core values or your culture are, what matters is the alignment within the organization.

So I'm not up here saying, "Oh, you guys should adopt our core values at Zappos." That wouldn't make sense. Those are the core values that make sense for us at Zappos, but you should figure out what are the core values for your own company, and as part of that process figure out what are the core values for yourself

personally. We didn't roll out our core values until about five years ago, and sometimes I get asked, "If you could do Zappos all over again, what would you do differently?" Most things I wouldn't have done differently, because we've made a lot of mistakes but in making those mistakes we've also learned from those mistakes. A lot of those mistakes have made us that much stronger today.

One of the few things I would have done differently, I wish we would have rolled out core values from day one. I always resisted that, because core values always felt like one of those big corporation things to do, but once you have the core values that you're actually willing to commit to, it just makes everything so much easier. You save a lot of debate, and then people just start gravitating naturally to your company, better fits for your company.

In both Good to Great and Tribal Leadership, what they found is that the alignment makes a huge difference, and this is through a lot of research that's been done. The other thing that they found in both books through their research is what separates the great companies from just the good ones is this idea of, what some people might say, vision or purpose beyond just money or profits or being number one in a market. We went through the same thing, actually. When we first started out at Zappos, there was nothing about customer service and what we wanted our brand to be.

This was back in 1999, there were a lot of other internet companies then, our whole idea was, "Okay, let's just sell some shoes online." It wasn't until four years later when we all kind of sat around and asked ourselves, "What do we want to be when we grow up? Do we want to be about shoes, or do we want to be about something more meaningful?" That's when we decided, "Okay, let's build the Zappos brand around being about the very best customer service." When we did that, it had all of these unanticipated consequences. We found suddenly that the employees were a lot more engaged, and when the employees were engaged then when customers called they could sense that the employee actually cared about them on the other end of the phone and wasn't just there for a paycheck. Then when vendors came and visited the office, they could sense that employees really felt that there was purpose behind what they were doing. All of this just had a snowball effect that I think played a huge role in getting us to where we are today.

So sometimes when I speak at entrepreneur conferences, I get asked, “So what’s a good market to go into? Where can I make a lot of money?” and my response is always, “You’re kind of thinking a bit backward.” Chase the vision and not the money, and kind of the ironic thing is that the money will follow if you’re truly passionate about your vision and the vision is not about being number one in a market, profits, or more sales.

So I like to say chase the vision, not the money. There was a movie called Notorious in which rapper Puff Daddy says to notorious BIG, in the movie, “Don’t chase the paper, chase the dream.” I just wanted an excuse to put this slide up here. So if you’re an entrepreneur, I challenge you to do that. What would you be so passionate about doing that you’d be happy doing it for ten years, even if you didn’t make a dime? That’s what you should be doing, that’s what business you should get into. If you have employees, think what’s the larger vision and the greater purpose in your employee’s work that you yourself truly believe in, so that you can get you employees to believe in it as well.

What’s the greater purpose beyond just money, profits, being number one in the market? Research has shown that if you can figure this out, then it puts you on the way to becoming a great company. There’s a lot of speakers and seminars and books on, how do you motivate employees? Our philosophy – and they do work to some extent, you can motivate employees through incentives, through recognition, a lot of companies do it through fear – but our belief at Zappos is that there’s a huge difference between motivation and inspiration. If you can inspire employees through a greater purpose, through company core values that you really believe in, then you can accomplish so much more and you don’t really have to worry about the motivation part of it because for inspiration, at the root of inspire, means that it comes from within. It comes from within an employee, you don’t have to worry about motivating your employees.

So this is kind of a timeline of how we’ve thought of the Zappos brand. In 1999 it was just about selection of shoes, and then in 2003 it became about customer service, 2005 we rolled out our core values, and then in 2007 we decided, “Okay, it’s not just about great customer service, we really want to build that personal, emotional connection.” And then this year, 2009, we realized that the thing that really ties all of this together is that Zappos is really about delivering happiness,

whether it's to customers or employees, or to vendors as well.

So I wanted to tell another pizza story, and this one happened a couple years ago. I was speaking at a Skechers conference - Skechers is one of our brands - this was down in Santa Monica, California. After the conference, I'd never really hung out in Santa Monica before so a bunch of us decided to go bar-hopping after the conference. There were three people from Skechers and three of us from Zappos. So we went to the first bar and someone ordered a round of drinks. Then, I'm not sure who, probably one of the Skechers people, decided to order a round of shots. So we all took the shots, then we all finished our drinks, and then we went on to the next bar. Someone ordered another round of drinks, and then someone else from the other company decided to order a round of shots to pay back for the first round of shots, and so we all took the shots and finished our drinks. Then we went to the third bar and someone else ordered another round of shots and another round of drinks, and so we couldn't let the alcohol go to waste and so we finished the shots. After that, someone ordered another...actually, I don't know how many rounds of shots we had after that, but what I do know is that we ended up - last call is 2 am - and we ended up basically shutting down all the bars there.

We start walking back to the motel. It's only a five-minute walk, but in our inebriated state it seemed like a much longer walk. We were just kind of stumbling around, and one of the Skechers girls started talking about this pepperoni pizza she'd seen on the room service menu before leaving. She was just like, "You know what? I cannot wait to get home. I was looking at the room service menu before and they have this pepperoni pizza, it just sounded so good and I haven't eaten since like 6:00 pm. It'd taste so good, I can't wait to get home and order it." And she was going on and on and on, so I think that contributed to the 5-minute walk seeming like a 20-minute walk.

She kept talking about this pepperoni pizza, so we finally get up to someone's room. She called room service and excitedly orders the pepperoni pizza, but then hangs up the phone kind of dejected. We asked her what's wrong, and she said, "They don't serve hot food after 11:00 pm and it's like 3:00 am now. I was craving this, you have no idea, I was just thinking about this pepperoni pizza all night." I'm like, "I know, you were talking about it the whole way here." So she was like, "But I'm starving, and that was the thing I had on my mind and I need to have a

pepperoni pizza, and room service is closed after 11:00 pm.” So I offer up, “Did you know in college I used to make pepperoni pizzas? We did it for about a year, had this whole business...” I went into the whole story. She looks at me and is like, “That’s so not helpful right now.”

So the rest of us from Zappos, we got it into our head in our inebriated state, “Oh, you should call Zappos, we’re about the best customer service.” In our minds that was the funniest thing ever. She didn’t think it was that amusing, but she put the phone on speaker phone and called Zappos. The rep answered, “Thanks for calling Zappos.” She said, and the rest of us were quiet, and she said, “Oh, I’m in Santa Monica right now and I’m really craving this pepperoni pizza. Did you know room service doesn’t deliver after 11:00 pm at this hotel? If you ever come to Santa Monica you should not stay at this hotel unless you’re an early sleeper or you like cold food.”

First there was an awkward silence, and then the rep said, “You know you called Zappos, right? We sell shoes, we sell clothes, we sell beauty products and housewares, but we don’t sell pizza yet.” She was like, “Yeah I know, but I’ve just been thinking about this pizza and I’m starving, is there anything you can do for me?” and the rep said, “Okay, hold on.” He puts us on hold for two minutes, then comes back on with a list of the five closest places in the Santa Monica area that were still open and delivering pizza at that hour.

So...well, I hesitate a little to tell this story, because I don’t want all of you to start calling Zappos and ordering pizza. Obviously we don’t have a process or procedure for this, but I think it’s just a fun story to tell about if you get the culture right, make sure everyone understands your long-term vision, then a lot of stuff like this story, brand-building, just happens naturally on its own. That’s why I really, really believe that our number one priority at Zappos should just be about building the company culture. So I’m going to take a quick break for some questions now, I think we have some mic runners, so while people are lining up for questions, the rest of you, I want you to think about this question, nothing to do with business or anything, but just think about what is your goal in life? After the questions I’ll...I just have a few more slides left to talk about.

Male Voice 1:

Thank you, Tony, that was inspiring. How do you stay so calm, how do you manage your time? You're so accessible and you're so open, how do you deal with all of the different requests that come upon you?

Tony Hsieh:

So that's definitely, I think, an ongoing challenge. I actually receive over 2,000 E-mails personally a day, I give out my E-mail address. What we've actually found, is I guess I go in with the mindset thinking, when I respond to this E-mail, am I doing something repetitive, has this question already been asked ten times before by ten different people? If the answer is yes then I should be figuring out something, some kind of process where I'm actually building something instead of just trying to tread water. As an example, a lot of questions we get all the time are questions from the press or blogs and we want to be responsive to them, but I'd say 80% of them are the same questions, just asked in a different way.

What we've decided to do, we have – internally we call it a CEO E-mail team. I still read every E-mail that comes in, but if it's a question that's been answered before then I'll bounce it to our CEO E-mail team. We maintain a database of basically all of the questions that have ever been asked and all the responses, and they'll send back the response that at one time I had personally answered myself. If they come across a question that isn't in our database, I'll go ahead and answer it myself because in my head, I'm building something, I'm building up that database. So even though it's a different team answering my E-mails, it's still me that actually responded to this question at some point in time.

So that's one technique. I generally just try to think, if this is something that's more about treading water, then try to figure out some process or procedure so that you're not treading water and you're actually building something that can be used in the future for your benefit or your company's benefit.

Male Voice 2:

I have a question in building culture. In my company, we have 1,200+ employees and we've actually got about 120 managers. The managers in my culture, I think, tend to do more motivating than inspiring.

What's the role of middle management in your business and what do you do as far

as a ratio? We're looking at it right now saying, "Are they even effective at what they do?" Because the employees do more on their own, I think. From a culture standpoint I'm just trying to figure out what your ratio is there and what your philosophy is for middle management.

Tony Hsieh:

So I think it really varies by department, and there's no magic answer to that. I'd say there's definitely a maximum, if someone is trying to manage more than ten people they're definitely not going to have enough time with every single person on the team. In the reverse direction, I don't know what the right number is, I think it just depends on how much mentoring needs to be done by the manager. It kind of goes back to Stephen Covey, he presented on the first day and he talked about the manager's job. I think a lot of people go in with the mentality of the manager's job is to tell the people what to do, when we - as much as possible - try to do the reverse where it's more about, "As a manager, what can I do to remove obstacles from your path so that you can accomplish what you need to accomplish?" Some of that might be in education, for example, or mentorship.

We also believe very strongly in just training our employees, whether they're managers or not managers. So we have a training team where we actually teach leadership and management skills, communication skills and so on. Just like anything else, it's a skill that some people might naturally be good at it, but for the most part what we've found is that actually training people to be good managers has huge, huge benefits. I don't know if that directly answers your question or not, but I'd say if it's not working out you may want to invest in training the middle managers that you have.

Male Voice 3:

You said - by the way, outstanding presentation - so you said that not a lot of people take you up on the offer to quit, so what do you do, how quickly do you act when you have a mis-hire and how often does that happen with the process that you're using?

Tony Hsieh:

We try to do it as quickly as possible. Just over time our training team has gotten pretty good at being able to spot people that aren't culture fits, but it's one of those

things that over a four-week period, it's pretty hard to fake your way through the entire four weeks. Every once in a while we do get someone that does, but then usually it's kind of...after the training they feel more at ease, and usually in the first 90 days it's pretty obvious which people are just putting on an act and not really believing in it. We try to train all of our managers to really try to cut ties as quickly as possible if we don't think that it's the right thing.

One of our philosophies is that we treat HR and legal as advisors, whereas in most companies they're kind of like the final end-all and whatever they say you can't argue against. We want managers to make decisions. HR and legal have a ton of great experience and can advise you on the legal risks and how to minimize the legal risks, I've never understood why legal risk is suddenly something you can't have in business. Everything you do in business is risk. People are afraid of getting sued, but at the end of the day you can translate that, there's a chance you might get sued for, say, \$50,000. Well, if we have a buyer that buys \$50,000 worth of inventory there's a chance that that's going...either way, there's a chance of losing \$50,000. We don't really differentiate between HR and legal risk versus other types of business risk.

Male Voice 4:

Tony, a question for you regarding culture fit. How would you approach an employee who is not in accord with your culture in terms of your values, what would you say to them?

Tony Hsieh:

I would just say...I mean, hopefully you figure that up front on the hiring end, but basically you point to a core value and just say - for example, if the employee is really egotistical, say, "One of our core values is be humble, either you have to live up to that or else this isn't the right fit for you."

Male Voice 4:

When they're actually hired, is somebody hovering over them to see how well they're performing in terms of culture?

Tony Hsieh:

No, I think it ends up being pretty obvious. You don't need to hover over

someone to know whether they're egotistical or not, for example, and just based on, usually, if they're not getting along with many of the team members, usually that comes down to some sort of values disconnect is what we've found.

Male Voice 5:

I heard Eben Pagan and Stephen Covey talk about good habits, that that's really important. I see that you're really focused and do a lot of stuff, do you have some habits that you do, for example, every morning that you could share? How do you do that?

Tony Hsieh:

For me, I'm not actually good at that type of stuff. I definitely think habits is a great idea, but for me I guess I'm a lot more goal-oriented. For example, I'm training for a marathon right now, I have a training schedule, and for me it's more about having that long-term vision and that's what keeps me going. This happens every time I stop training for a marathon, I basically stop running for two years when, in theory, the habit should be that you just exercise daily. So sorry I don't have a better answer for that.

Female Voice 1:

Hi, great presentation, thank you. I just had a question about your call centers. You obviously have a ton of people who are making strategic decisions on behalf of your business, do you give them an allowance as to how much they can spend to make the customer happy? How do you insure that that happens without them having to go up and up and up the line to get an answer to make the customer happy?

Tony Hsieh:

That's a great question. No, we don't, we basically trust our employees to make the right decision. We actually don't want them to have to ask a supervisor for anything, so every employee that answers the phone basically has the same power as I would if I were answering the phone. We really...ultimately it just comes down to trusting your employees, and actually what we've found is we have the opposite problem. Employees that have previously worked in another call center, we find that they're actually too stingy with our customers and we have to kind of un-train that mentality and get them to be more generous with our customers. Our

employees...we really just say, “Do what you think is right for the customer and the company.”

So there's been cases where, for example, we had one where someone was late for the return process and then, in talking to the rep, it turned out that her mother had passed away and that's why she was so distracted. So our employee just took it upon herself to send flowers to show our condolences as a company. We don't have a process or procedure for, “These are the cases you should do that, and these aren't.” But she just felt it was the right thing to do. We got an E-mail back a couple weeks later, which talked about the customer was so touched that a company actually cared enough to do that, that at the funeral a few days later when there were 30-40 of their closest friends, she told all of them that story. Now, not only is she a customer for life, but all those other people. It really just comes down to trusting your employees. If you don't trust your employees, then you probably shouldn't have hired them in the first place.

Male Voice 6:

This is really more for the audience. I know Tony, I had the opportunity to be in Las Vegas and I called their company and said, “We supply something.” And neither Tony knew it nor I knew it, but I called the man and said, “Come on over and do the tour.” And when you walk in, it's like a toy store. We walked in the door, and it happened that someone got a promotion and they were doing a Conga line through this building. Everyone was dressed up, and we're like, “What are you doing?” and they grabbed us and threw us in the Conga line. We're here to do a tour and I'm dressed up, and we're walking through it's like, “This is just bizarre.”

When you walk through it's like every department -- I don't know if it's a mandate or a request to come up with some way to notice the people walking through the building - so people would have a cowbell and the whole group would raise a cowbell, then the next group would stand and whistle at you, and the next group would wave at you, and the next group would...every group within the building. It's like, “This can't be the way this is.” “Oh no, this is the way it is all day long.” Then there's a...can I tell them about the chair with the hat? What do you call it, the King Room?

Tony Hsieh:

Sure. It's Dr. Vic's office.

Male Voice 6:

Dr. Vic's office. You walk up and they say, "Now, pick a hat." There's a king hat and a queen hat and all these other hats. You put it on and sit in this huge chair, and they take your picture in the hat and say, "You're now the king at Zappos." Then they give you all of these gifts, and you can't carry them home, so they go, "We'll ship them for you." So we say, "Well, we'll consolidate them." I had a bag and my wife had a bag, and they say, "No, that's okay, we'll ship two boxes." I want to thank you because the three-hour tour saved me a lot of money at the tables.

Tony Hsieh:

Thank you. So we have time for one more question.

Female Voice 2:

I'm inspired. How many women work in your company? How many are in middle management and how many are in upper management?

Tony Hsieh:

Well, we don't really like using the words upper or lower, or I guess just management in general. For example, the row I sit in it's basically with Alfred, who's a CFO, and Fred, who's been there for ten years, and then actually he oversees merchandising and training and customer service, his title is "No Title," actually on his business card that he hands out the title is No Title, which really confuses people. We're hoping the universe doesn't actually implode when examining that.

I don't have exact answers for you, it really varies by department. So in our customer loyalty team, for example, we have leads and supervisors and other titles that don't exist in other departments. If you send me an E-mail, I'll send you my E-mail at the end, we'd be happy to give you the actual breakdown of the actual departments and so on. Thank you.

So I wanted to get back to this question about taking a step back and what is your goal in life. If you ask different people they have different answers, some people might say, "Well, my goal in life is to get a great job." Or to find a boyfriend or

girlfriend. You ask them why, and I would encourage you to think about whatever answer you came up with, to ask yourself why, and then people will say, “So I can make money,” or, “So I can find a soul mate.” Then ask why again, and I would encourage you to ask yourself why. Then people want to get married or maybe buy a house, and you ask why.

The interesting thing is, if you ask why enough times and you ask yourself why enough times, it usually ends up boiling down to the same answer. It’s because people believe that, whatever their ultimate goal in life, it will eventually make them happy. So I started thinking about this because I’ve always really been passionate about Zappos in general, and asking myself, “Why am I doing the things that I’m doing?” Initially it was just kind of a random thought, but then about a year and a half or two years ago I started reading different articles and books about this field – that actually did not exist prior to 1998 – called positive psychology, which is essentially about the science of happiness.

What’s interesting is that prior to 1998, pretty much all of psychology was about, how do you make people that have something wrong with them more normal? But no one ever bothered to study, how do you make normal people happier? So I started thinking about this and learning more about it, and one of the actually really interesting thing that’s come across in all this research is that people are actually very bad at predicting what will bring them happiness in the long-term. This is just from the research. Most people think, “When I get X, then I’ll be happy,” or, “Once I achieve X, then I’ll be happy.” When there’s been so many studies of lottery winners, for example. You look at their happiness level right before winning the lottery and then look at it a year later. A year later it’s maybe the same or even lower than it was prior to winning the lottery.

I thought that was kind of interesting, and I started comparing it to training for a marathon. Everyone in this room knows how to run, but if you had to train for a marathon and you don’t know anything about marathon training, you probably wouldn’t just go out in the parking lot and run in circles and think that was the best way to train for a marathon. There’s actually a science behind running, and a lot of this stuff is actually counter-intuitive. I used to think, “Oh, the best way to train for a marathon is just to run really hard, kill yourself, it’s going to be horrible but then you’ll be able to run the marathon.” When actually, it turns out, the best way to

train for a marathon is actually to run slower than your normal running rate, but for longer distances. In fact, almost uncomfortably slow. When I first started training for a marathon, it almost felt like I was just walking in slow motion.

I thought, “Okay, that’s interesting, if we’re bad at predicting what will make us happy then maybe it’s worth studying.” Looking at this and thinking about, “Okay, I’ve spent a lot of time...” and I’m sure you guys have spent a lot of time, learning about the different aspects of your businesses. There’s a psychology of buying, there’s a conversion rate, there’s repeat customer behavior, there’s all these things that are about the science of business and marketing.

I don’t know what the right percentage is, but what if you just spent some percentage of your time actually learning about the research that’s already been done behind the science of happiness? You know, how much happier could you be? You look at this chart and a lot of people go through their entire lives trying to ultimately get to the happiness – some do, some don’t – but what if, through researching the science of happiness and learning a little more about it, you could just avoid a lot of the work and just go straight to the happiness and not spend years and years getting to something that ultimately won’t bring you happiness in the long-term?

So I thought that was pretty interesting. I just wanted to share a few different frameworks about what I’ve learned from my reading about the science of happiness. So the first framework is just that happiness is about four things: perceived control, perceived progress, connectedness – meaning the depth and number of relationships that you have – and vision, meaning, or purpose – being part of something bigger than yourself. So this one framework says that if you have those four things, then that’s what you need for happiness, for your own personal happiness.

What’s interesting is that you can actually apply these concepts – and looking back at what we did at Zappos we kind of accidentally did it – to your business as well, whether it’s your customers or your employees. I’ll give you an example for perceived progress. It used to be, at Zappos, that we hire people on our merchandising team entry-level as merchandising assistants. They do that for 18 months, get training, certified, and so on. Then they become an assistant buyer and

do that for 18 months, then after that they become a buyer. So it's a three-year process, and at Zappos being a buyer is kind of a big thing.

We decided to break it up a few years ago so that instead of 18 months, you came in entry-level and you spent 6 months as a merchandising assistant, level 1. Then you spent 6 months as a merchandising assistant level 2, and then 6 months level 3, and then assistant buyer 1, 2, and 3. So at the end of the day it still took three years, exact same certification and process, but now the employees were perceiving progress every six months instead of 18 months. We found out that employees were much happier, when the reality is nothing had actually changed.

In terms of connectedness, that goes back to our culture. There's been a lot of studies that show a very high correlation between employee engagement and employee productivity. It's funny because every HR survey shows that once the employee's basic needs are met, money is like number four or five on the list of things important to employees. Yet the way employers try to reward employees is almost always through raises or bonuses or some sort of money. What's actually much more important, and correlates much more highly with employee engagement, are things like whether they have a best friend at work, or the number of close friends that they have at work.

When we train managers, we actually tell managers, "You should be spending 10-20% of your time outside of the office hanging out with your team, whether it's happy hour or dinner or hiking or bowling, or whatever is appropriate for your team." Usually we get a little bit of resistance from some managers that haven't done this yet, they're like, "Well, shouldn't I be working?" and then we ask the other managers in the room who have done it, "How much more efficient and productive is your team?" Because there's a higher level of trust, because communication is better, because people are willing to do favors for each other as friends instead of as co-workers; the answers we get are anywhere from 20% to 100% more efficient. So kind of worst-case scenario is you break even and you have more fun with your co-workers outside the office.

So that's one. Another one is Maslow's hierarchy, which I won't get too much into, but there's actually a great book called Peak, by Chip Conley, and he basically condenses Maslow's hierarchy into three levels and applies that to employees and

customers and investors as well. As an example, the three levels he has for employees are job, versus career, versus calling. So that's our whole goal at Zappos is to move people up that pyramid. We don't want them just for a paycheck because that would fall in the job category, and then we don't want them here just for a few years to build up their career, we want employees here for life. The only way that's going to happen is if our culture is something they want to be a part of, and if they're continually learning and growing, both personally and professionally, which is why we invest a lot in classes for our employees.

Then, the last framework I wanted to share, is basically that there are three types of happiness: pleasure, engagement, and meaning. So the first type is, I like to call, the rock star type of happiness because it's all about chasing the next high, and it's great, but the problem is that as soon as the source of stimuli goes away your happiness drops right down to where it was before. The research has shown that this is actually the shortest-lasting type of happiness. The problem is that it's very hard to sustain unless you're a rock star, basically.

The second type is called flow, there's a book by the same name written by a Russian author and researcher. Basically, this is the second longest-lasting kind of happiness. For different people it's different things, but it's all about those time periods when three hours pass but it feels like 20 minutes have passed because you're so into whatever it is you're doing. For some people it's running, for other people it's painting, for professional athletes it's when peak performance meets peak engagement, and they call it being in the zone. There's a sense of like time flying by, and you also lose a sense of self-consciousness or even self. Kind of the strategy for that is notice that this happens for everyone, but just notice that this happens and then try to change whether it's your environment, or the people you're with, or your job, or where you live, to have those types of moments happen more regularly.

The third type is about meaning or higher purpose, being part of something bigger than yourself. What the research has shown is that this is actually the longest-lasting type of happiness. For some people it might be, say, volunteering for their favorite charity that they really believe in. So what's interesting is that most people go through life kind of chasing the rock star kind of happiness, the first type of happiness, with the idea of, "Once I can achieve that on an ongoing basis, then I'll

work on number two and then when I have time for it I'll work on number three.” When, based purely on the research, the proper strategy is actually to focus on the third type of happiness, once you have that layer on the second type of happiness, and once you have that then layer on the first as icing on the cake.

So some recommended books, I talked about Peak and Tribal Leadership. Four-Hour Work Week is about this guy who used to work long hours in New York with this goal of, “Eventually I’m going to be able to travel around the world.” And he finally realized if that’s what makes him happy, he should just do that instead of trying to delay the happiness. Then the book that’s probably made the biggest impact on me personally over the last five years is a book called Happiness Hypothesis, and the author looks at a whole bunch of different cultures and religions and philosophers from all different time periods. They each have different concepts and ideas about what happiness actually is.

What’s interesting about the book is he actually looks at each of those beliefs, and then compares it with actual scientific research that’s been done and then either agrees or disagrees with different parts of their beliefs. So it’s a pretty interesting read, and it’s one of those books where you read a few pages and then you just have to put it down because you have to think about it a lot.

So some links, and again I’ll make this presentation available, so you don’t have to write all this down. My E-mail address is ceo@zappos.com, E-mail me for a copy of this presentation, or if you want a copy of the culture book I’m happy to send it out for free, but just remember it’s a physical book so I’ll need your physical mailing address. Next time you’re in Vegas, we give tours Monday through Thursdays, go to tours.zappos.com and we’ll actually pick you up from the airport in the Zappos shuttle, give you a tour and then drop you off at your hotel.

Finally, the thing I just want to leave you with, is think about what percentage of your time do you want to spend learning about the signs of happiness? How can learning about the signs of happiness help your business, your brand, and yourself? Kind of like the whole marathon running thing, you may instinctively think you know what makes you happy, but what the research has shown is that you probably don’t actually know what will make you happy.

I think it's pretty interesting, the parallels between the research from books like Good to Great and Tribal Leadership where they look at what makes for a great company. One of the things that makes for a great company is having a higher purpose, something greater than money, profits or revenue, or being number one in a market. Then you look at the research on the personal happiness side, and one of the important elements is about having meaning or a higher purpose in your own life, and that makes you personally happier. So the parallels between a great company and you being happier as a person, I just thought that's pretty interesting. The best companies are the ones that figure out how to combine profits, passion, and purpose. Kind of on a similar level, the happiest people are the ones that can figure out how to combine pleasure, passion, and purpose as well. So I just thought the parallels were interesting.

I'm not up here trying to sell another pair of shoes or another article of clothing, I'm just up here sharing what I've learned over the last ten years and what we've learned at Zappos. If, through this, you've been inspired to treat your customers better and really focus on customer service to make customers happier, or you've been inspired to focus more on building your company's core values and culture to make your employees happier, or you've been inspired to just learn more about the signs of happiness to make yourself personally happier. If any of those have happened, then I'll have done my part in helping Zappos achieve our higher purpose, which is all about delivering happiness to the world. Thank you very much.