



Tony Hsieh CEO, Zappos

Jenn Limm CEO, Delivering Happiness

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<https://predictablesuccess.com/tony-hsieh/>

**Note:** *This transcript has been lightly edited for clarity and understanding. There may still be grammatical and spelling errors,*

**Les McKeown:** Les McKeown here, president and CEO of Predictable Success. And welcome back to the Predictable Success interview series, which will talk to people who have either achieved Predictable Success in their own lives and careers, or you're helping other people do the same. And today I'm delighted to be speaking with two people who really, you could only say that they have done that in such great detail for so many people in particularly over the last year or so. Tony Hsieh, CEO of Zappos and Jenn Lim, CEO of Delivering Happiness. Welcome Tony and Jenn.

**Tony Hsieh:** Thanks for having us.

**Jenn Lim:** Thank you.

Les McKeown: Absolutely my pleasure. What I'd like to do in the time that we have together is talk mostly about Delivering Happiness and how that evolved, and what your intentions are. I know you've had a recent move over into responsibilities to free you up Jenn, a little bit more to concentrate on that.

Les McKeown: I'd like to talk mostly about that, but I'd like to start, first of all, just for the one and a half listeners that we have that don't know an intimate detail the story of of you, Tony and Jenn, and Zappos. I like to just talk a little bit about the background, and if I could start with you first, Tony, of course, you're most famous for mounting an egregious campaign in June, 2010 on behalf of your book that foisted my excellent book, Predictable Success down to number two on Amazon and number five in the Wall Street Journal, but you've done a couple of other things as well as that. And those of us that are ancient in internet terms, remember the great work that you did. It seems like a lifetime ago now, with Link Exchange, but what I'd love to hear from you, Tony is if, if you were to, trace the arc of what got you to what you're trying to achieve now with Delivering Happiness, if you were to think back about what evolved your thinking about what you're trying to deliver to the world now, what would be the two or three big milestones?



What has most impacted you personally, in wanting to share the concept of Delivering Happiness?

Tony Hsieh: I guess for me, it's, it was, you know, start with Link Exchange and, I've been pretty entrepreneurial most of my life. And so I've done everything from garage sales to pizza, business mail order business, and for Link Exchange, that was a company that was founded by my roommate from college and I in 1996. And we grew that to about a hundred or so people and then ended up selling it to Microsoft in 1998, two and a half years later. What a lot of people don't know is the real reason why we ended up selling it. The real reason is because it just ended up not being a fun place to work at anymore. And the company culture went completely downhill and that was largely our fault. We just didn't know better - to pay attention to company culture.

Tony Hsieh: And, and so with Zappos from the beginning culture has always been important and, you know, with Link Exchange I financially got lucky with the timing. So I was in the position of trying to figure out what is it that I want to do for myself that I would actually be happy with? And as I started getting involved with Zappos, I started thinking about it more from the perspective of like, who are the people I want to work with? And my answer was, there are people that I would want to be around, even if we weren't forced to be in business together. And so that's really what I think led to the focus on culture and not wanting to replay, repeat the same mistake again, that I'd made at my previous company. Then as Apple started growing, we noticed as it turned out, coincidentally, that actually there's been research that has shown that companies with strong cultures actually perform better financially in the long run than their peers. And so whether that was pure dumb luck or not, it's where we are today - that just happened to work out. And so now, part of the reason for writing the book was really to spread this whole idea of happiness as a business model, you know, making customers happy, making employees happy, to other companies and organizations and industries.

Les McKeown: So when you started Zappos, in a sense, if I'm hearing you correctly, Tony, with the company morale culture issue from Link Exchange, did you, did you try to work out what you wanted in Zappos from first principles, or did you go and benchmark what other organizations and people were doing?

Tony Hsieh: No, it was really more from just a selfish perspective, just what would I want for myself? And then that kind of evolved into, you know, as, as it turned out that that actually ended up being something that in the long run is good for business as well.

Les McKeown: Because what's happening today is that a lot of people obviously holds Apple, quite rightly, in huge esteem for what they're doing there. And other organizations obviously, like Netflix. If you - as you are right now - talking to two or three thousand CEOs of (many of them) young organizations, do you recommend that they go out and model best practices for corporate culture or that they really try and work out what's right for them?



Tony Hsieh: Well I tend to not gravitate towards the phrase 'best practices' because a lot of that sounds very consultingish and so on. But, I guess our message to people is not so much other companies should adopt the Zappos culture, Zappos values, but that companies should figure out what values are right for them and really commit to them, and align the entire organization around them. A lot of companies have these things called core values or guiding principles, but the problem is usually they're very lofty sounding and they kind of read like a press release that the marketing department put out and maybe someone, maybe you learn about it on day one of orientation, but then it just becomes this meaningless plaque on the lobby wall. For us, we really encourage companies to come up with committable core values and by 'committable' meaning they're willing to hire or fire people based on them, independent of their actual job performance. And when we used that criteria, it's actually a really hard list to come up with - like, what are you actually willing to hire and fire based on, that has nothing to do with their actual job function? But when you actually are able to come up with that list, that's right for your organization, it's actually ends up being a really powerful thing because it aligns the entire organization and a lot of really good things come out of that.

Les McKeown: Got it. Jenn, when did you come into the picture? Did you work at Link Exchange or did you start with Zappos?

Jenn Lim: No, actually started it back about seven, eight years ago now. I was a freelance consultant at that time, and, and I'm still freelancing for the different projects, like the culture books and helping them move to Las Vegas from San Francisco and such.

Les McKeown: So you use consultant-speak phrases, like 'best practices' :-)

Jenn Lim: Well, coming from that background, I was an internet consultant at KPMG. So unfortunately that was part of my discipline, but I've since moved on from that.

Les McKeown: So, could you convey to me as best you can, Jenn, what have you seen, what would you say is the biggest change that's happened in Zappa was over that period of time? Has it been a question of arriving at something that was (this is what we all think, of course, as we watched the story) is that you would have ever arrived there at whatever time, and it was small and perfectly formed and all you've done is make something that was wonderful, bigger. Did you have particular challenges that came along with growth and maintaining the culture?

Jenn Lim: Oh yeah, for sure. The way I look at Zappos, I always liken it to your best friend's little brother growing up in high school, because I've know Tony for 11 years now. And, when I first met him, you know, Zappo's was just starting. So over the years I've seen it grow in ways that I didn't imagine. And all of a sudden, you know, here we are. I look at the 'younger brother', that group is something that is all of a sudden unrecognizable in ways that I'm really proud of. So, there's always challenges along the way. And what I thought was most, I guess, respectable how



Zappos has grown and built with that. It always took risks. I mean, they were very calculated risks, but risks based on things that were most meaningful and not about, you know, pure profit.

Jenn Lim: It was about watching the growth of the thought 'We can do things differently in a way that was true to more of our values'. Core values came up, not at the beginning of the company, but probably around, I guess, six, seven years ago - right around the time the culture book was born. No one really tried doing these kinds of things, but it just seemed to make sense from a business and a personal level. So I think, by seeing those things - those risks taken, but it really panned out in the end because, you know, everyone sort of thought Zappos was an overnight success, but really it took many, many years of committing to those core values and committing to customer service and culture to get to the point where it is today. And I think that's what Tony largely talks about in his book that it wasn't an overnight success. There was tons of failures to get to the point where they are today, but it was always based on things that was most meaningful at the time.

Les McKeown: Okay. And, did you ever feel that there was a possibility that you were going to lose it, that the culture was getting away from you during that period of high growth?

Tony Hsieh: During Zappos high growth you mean? Yeah. I think it was something that we always paid attention to. And especially during the first several years, both myself and Fred, who's been with Zappos as long as I have. We actually personally interviewed everyone for exactly that reason. And the core values actually originally came out as a way to release - scale the culture, because it got to the point where Fred and I couldn't interview everyone personally. And so we were forced to figure it out on paper, along with the rest of the company. It was a company wide process to come up with our core values and really put on paper a formalized definition of our culture.

Les McKeown: Okay. Just the last question before we move on to Delivering Happiness. I love to have you think forward, which I'm quite sure you have done, to the point when you are not around for whatever reason with Zappos, Tony. Do you accept that at that point, that culture should change or is your view that the culture already is something that's independent of you - or do you not care as you won't be there? What's your view of how culture should evolve once (I know you, weren't technically just a single founder, but you're essentially seen in that way) - what's your view about how a business should change once the founder is not there?

Tony Hsieh: I think the culture should always be evolving and it is for us. And so for us, we expect our core values will always be the same, but how that manifests itself, I think will definitely evolve over time. I think culture in general, it's not built actually from the top down. I think it can be killed very easily from the top down, but it needs to happen organically, and be driven from the bottom up., So regardless of whether I'm still with the company 10 years from now or not, I think it's always going to be evolving and, really what's most important, I think for



a CEO - any CEO - is to make sure you don't create an environment that will kill that organic growth and evolution.

Les McKeown: So, two questions about Delivering Happiness. In a moment or two, Jenn, I'd love to talk to you. I know you've moved into the role of CEO there and ask you what your vision is and what you love to see achieved in the next couple of years. But before we do that, just to segue in to it - Tony, did you plan that Delivering Happiness would become a movement, so to speak, when you were writing the book? Was your goal that it should be the foundation for this to happen, or have you been surprised that that has happened? How did this look to you last year when you were launching the book?

Tony Hsieh: Well, originally it was thought of more as just a book to help spread this idea to other companies. And so I didn't necessarily think it would actually be a separate company in and of itself. And so at first the book was published and then we went on a two, three and a half month cross country book tour in a bus. There were about 10 of us on the bus. It was really through that whole process that the thought came to develop it into a real sustainable company. Jenn can talk a bit more about that.

Les McKeown: Jenn, when did you move over into the CEO role?

Jenn Lim: I guess it would be towards the end of the bus tour. At first it started as a book as you know, and so we worked on that around 2009 Labor day, two weeks later, we turned it in, and then, you know, the whole book launches for the book started. Back then it was mostly focused around the promotion and marketing efforts behind it. And then it was really interesting to see the reaction to it. Knowing that it was mostly marketed as a business book it was sort of expected that we'd get such positive feedback from entrepreneurs and business owners, and you know, seeing how he rose on the New York Times list and bestseller lists, so that was still very gratifying. But what was unexpected was we got a lot of emails and personal stories from people outside of the business sector, for example, from hospitals and students and families even saying that they want to apply these core values and culture to what they're doing in their everyday lives.

Jenn Lim: So that was really unforeseen and kind of took us by surprise in a good way. And so when we started doing the bus tour, what we had in mind, it was not just visiting with companies, which was part of it, and talking to entrepreneurs. But the other half of the tour was dedicated to actually talking to the people that we heard from. So we visited schools, and we visited hospitals and a nonprofit to hear their feedback on what, you know, what we believe as a part of spreading our message. So through that process, like Tony said, we didn't really expect the company to be born out of it, but it just really grew organically in terms of the community that was tapping into this message. And as the book was translated into more languages, I think we're at 17 or so different languages and countries.



Jenn Lim: Now we get, we've been getting more and more back from around the world. And that sort of really cemented what we were thinking was a universal coordinating some, but then after hearing from all the global feedback, then we knew there was something out there that people no matter where they're from the country of origin and the culture, religious and nonreligious, it was just this one idea of, yes, I can actually see how I can apply these frameworks of happiness or happiness as a business model to what I'm doing to my everyday life. So that's why the decision was made to take it from, you know, first, the book then the bus tour to now, now officially we're calling it the delivery happiest movement, but essentially a company with a cause to support.

Les McKeown: Right. Now did you, on a personal level, have to hesitate at all in thinking about taking the role or did you just think, Oh, this is wonderful. I'll jump into it. Or do you miss the Zappos side of it? How has it impacted you personally?

Jenn Lim: Firstly, it's been an amazing journey. I would have to say I've never worked more in my life, but, knowing that what we're doing from a, from a greater goal and a higher purpose, every moment is so meaningful. When I wake up in the morning, then my one goal in life is to deliver happiness to the world. So that's a pretty amazing thing, but I still really have close ties in Zappos. I still will be producing the culture book and there's a lot of highs within that. So as part of our, entrance to, you know, bringing in sustainable revenue streams so we can support the company, Delivering Happiness, part of it will be, helping companies and organizations create their own culture books. So really it's all pretty intertwined.

Les McKeown: So what what will success look like for you three, four years from now,

Jenn Lim: I always laugh at this question because, you know, we have our vision and we have what we want to do, but you know, if you asked me a year ago, if I would be the CEO, chief happiness officer of Delivering Happiness, I would have said what are you talking about? So for me, I think, as long as we stick to our purpose and our values as a company, I would be really happy to see it grow towards that. And in a nutshell, for me, it's really growing the community and the connectedness of relationships between the community, not the number of people that we have in it, but the number of meaningful interactions between the people that really believe in and happiness of the same for life

Les McKeown: Super. Will there be a second book?

Jenn Lim: We're actually talking about it right now, Tony and I were thinking about the next one, but, in the interim, there was a comic book company called Round Table and they are developing comic books from business books. So we're just about to sign a contract with them to develop a comic book based on Delivering Happiness and an idea there is that just because of all the feedback we got, there are different, I guess, segments that are really interested in this topic, whether it's, you know, business readers that like it in the comic version or, kids in high school



or college or family. So we're just realizing that there's different ways that we can sort of massage the content enduring happiness in so that different audiences will be, you know, that are able to read in the statement.

Les McKeown: Will you promise me that you won't launch it in January, 2012?

Jenn Lim: Oh, that's exactly the date we were going to do it.

Les McKeown: I want a straight run this time.

Jenn Lim: You know, it's funny I, before our talk, I, I checked on Amazon, on a bunch of books and I saw that your book and Delivering Happiness are often coupled.

Les McKeown: I take that as a great compliment. Tony just in closing, as I said already, we've two to 3000 CEOs likely to listen to this as it goes out as a podcast and, you know, I don't want to sound in any way naive or fawning about this, but the reality is that for most of us, the opportunity to talk to someone who's achieved, what you have, is literally a once in a lifetime experience. And what I'd love to have you share, with folks is what's the biggest misunderstanding they may have as founder-owners and CEOs about the difference between going out in the coal face every day, the way they are, and achieving the sort of huge mega success that you have. What do you find people misunderstand or assume that isn't right about what got you where you are?

Tony Hsieh: I would actually back up and ask them to really think about what their definition of success is, because I think we're kind of programmed by society is just the definition of success is bigger numbers, whether it's revenue or how much a company gets bought for. Really, if you actually break it down - and I talk a little bit about this in my book - what's kind of the point of doing all that? If you keep asking yourself 'why?' over and over again about, you know, whatever you think your goal is in life, why is that your goal? And then whatever answer you give, ask yourself again, why that is that? And when do you, what I found is if you actually asked 'why?' enough times, eventually almost everyone winds up with the same answer. And then whatever their goal in life is, or the reason why they want more money or status or anything else is because they believe that ultimately it will make them happier.

Tony Hsieh: And so, you know, there's so many people in life that are not that happy doing their day to day, whatever their day to day activities are. And really, one of the messages from the book is to just try to frame what you're thinking in the context of that kind of ultimate goal of happiness. And that may change some of the decisions that you make about how you want to run your company or what you want to do. And for example, especially for founders, you know, rather than being focused on something that will make you a lot of money, instead I encourage them to think about what you would be so passionate about doing that. You'd be happy doing it for 10 years, even if you never made any money and that's what you should actually be doing.



And the irony in that is if you actually do that, it will actually greatly increase your chances of making more money because your passion is what's going to get you through the tough times. And every business has its ups and downs, and that passion is going to rub off onto employees and then have this ripple effect on customers and your business partners and so on, which all greatly increase the chances of your company doing well financially. So I really encourage people to just make sure that they're doing stuff that makes them happy, that they're passionate about rather than doing something, you know, in the name money as your primary motivator.

Les McKeown: Thank you, Tony, great advice. Jenn, last word for you. If any of our folks that are listening are thinking, you know, I really would like to get help bringing the Delivering Happiness mindset into my organization, how can they contact you? Are you actively helping organizations now, or is that something for the future?

Jenn Lim: We just announced the transition to the company at South by Southwest a few weeks ago. So we've already had several companies just from that weekend alone come to us and say, how can we start? So basically just send me an email. We're doing it. That's pretty much on a pilot basis since we're just launching things out, but we'd love to hear from anyone that's interested in doing what basically in their organizations in helping apply that to wherever they work. So my email is [Jenn@deliveringhappiness.com](mailto:Jenn@deliveringhappiness.com)

Les McKeown: And they can see more details at that URL, [Delivering Happiness.com](http://DeliveringHappiness.com), Tony Hsieh, Jenn Limm, thank you so very, very much for giving us your time. I really, really appreciate it.