8. Why has there been a trend toward more team, network, virtual, and learning organizations? Is this a fad, or will it last?
9. When focusing on jobs, is it better to use job simplification or job expansion?
10. Are setting priorities and delegating really all that important?

••• CASE: ZAPPOS: STRATEGIC REENGINEERING OR A PATH TO STRUCTURAL FAILURE?

Complacency. A word nonexistent in the vocabulary of Zappos CEO Tony Hsieh. Since joining the firm as an investor in 1999 and as CEO in 2000, Hsieh has built Zappos into a market leader through largely nonconventional corporate methods.

Hsieh's staunch commitment toward building a corporate culture of happiness has led to many of Zappos's quirky practices. Perhaps the most notable is a hiring process that measures an applicant's weirdness and humility, and offers a $2,000 pay-to-quit severance option to any new hire who feels he or she doesn't fit the Zappos culture.[1] The company's unique approach to business has delivered results. In its 16 years of operation, Zappos has transformed from an upstart firm struggling to secure funds to stay afloat into the number-one online shoe retailer.[2]

How has Zappos developed its competitive advantage in the marketplace? By creating a structure that fosters employee and customer happiness above all, Hsieh has focused on removing organizational barriers that threaten the firm's strong corporate culture.

Front-line call center representatives are given full authority to make decisions on customer calls. Zappos does not track call times or mandate representatives to read from scripts, a departure from typical industry call center procedure.[3] Zappos does not have detailed policies on how to handle each customer service scenario; rather, representatives have autonomy to deal with each situation as they deem appropriate. Hsieh recalls a story in which a customer service representative received a phone call from a woman whose husband died in an automobile accident and needed assistance with returning boots she ordered for him just days prior.[4] The following day, the customer received a delivery of flowers—the Zappos representative who handled her call ordered for the flowers to be sent at the company's expense without asking for supervisor consent.[5] Hsieh noted, "At the funeral, the widow told her friends and family about the experience. Not only was she a customer for life, but so were those 30 or 40 people at the funeral."[6]

Even with the authority given to front-line representatives, prior to 2015, Zappos operated through a largely traditional, hierarchical organizational structure that included functional positions and a chain of command. The firm's structure included line managers, middle managers, and upper-level strategic managers including a vice president of finance and vice president of merchandise.[7] Managers at Zappos had responsibilities similar to those of their peers in firms with traditional organizational structures including human resource management, overseeing and approving decisions, budgeting, and professional development of employees.[8] Zappos also provides extensive employee development for entry-level employees. The expectation is that these employees, with the training and mentorship offered by the firm, will become senior leaders within five to seven years.[9]

Despite Zappos's sustained success, Hsieh has continually strived to enable the firm to reach its "desired state of self-organization, self-management, increased autonomy, and increased efficiency."[10] In 2013, Hsieh announced the firm would eliminate its structure and job titles, including those of managers, and adopt an organization management system known as Holacracy. Holacracy is a management structure in which "circles" of employees of equal privilege work autonomously in temporary functional roles, which they may move in and out of as needed.[11] These fluid teams can adapt organically to changing company needs through employee-led "governance" meetings.[12] Circles can dissolve as goals are met, and new circles that overlap with others can develop as new needs and projects arise.[13] Here, rather than organizational structure determining work flow, the work itself determines the necessary hierarchical structure and composition of the circle.[14]

In 2015, in a memo to the firm's 1,500 employees, Hsieh reiterated his commitment to the new self-managed, self-organized structure of the firm. To accelerate the process and fully convert to the new structure, Hsieh offered each employee a pay-to-quit severance package that included three months' salary.[15] Of the company's employees, 210, or 14%, accepted the offer,[16] well above the firm's normal 1% attrition rate.[17] Approximately 300 firms have adopted Holacracy as an organizational structure since its creation 10 years ago, but none was as large as Zappos at the time of implementation.[18] Critics of the self-management and self-organization approach note that the lack of a clear structure and authority leads to confusion and creates an obscure career path for its employees.[19]

Was the move to reengineer the organization through the elimination of formal structure and titles prudent in