Opinion | Why Companies Like Uber Get Away With Bad Behavior

Randall Stross

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Op-Ed Contributor

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Credit...Danish Siddiqui/Reuters..

UBER has raised more money than any other tech start-up in history. It has achieved the highest valuation by far, almost $70 billion.

It has also undoubtedly lost more money, in less time, than any other young tech company. In 2016, it reportedly lost $2.8 billion, excluding separate, colossal losses in China, which it exited that year. Amazon, even in its darkest, loss-accumulating early years, was a piker compared with Uber.

If Uber's investors have the stomach for these losses, that would seem to be their business, not that of the rest of us. Except Silicon Valley is viewed by many people around the world as not just the hotbed of technical innovation, but also as the place to see the most highly evolved business practices, the models most worthy of emulating.

Unfortunately, Uber has the unenviable distinction of being the one Valley company that should be emulated only on Opposite Day. No other company can come close to matching it in lawsuit headaches and embarrassing exposés chronicling maltreatment of its employees, contractor drivers and competitors, and deceiving local law enforcement, tax collection and other government agencies.

But the most powerful indictment of Uber was a quietly harrowing account about sexual harassment, discrimination and retaliation, "Reflecting on One Very, Very Strange Year at Uber," published in February by a former employee. Using a matter-of-fact voice and understatement, Susan J. Fowler described what had happened to her and what followed when she reported the problem. She documented her experience with the precision of the engineer that she is, producing a moving account that gives the reader a far deeper look into the company than would a tall stack of lawsuit filings.

Her account brought so much unwanted attention to the company that the board commissioned two outside attorneys, Eric Holder, the former United States attorney general, and Tammy Albarrán, both partners at the law firm Covington & Burling, to undertake an investigation of the company's workplace practices and offer remedies.

The report was publicly released on Tuesday and it turns out to be a searing indictment of just about every way the company has managed its own employees. Its more than 40 specific recommendations go well beyond prescribing more training for everyone. It spells out concrete ways that complaints like Ms. Fowler's should be systematically recorded, tracked and addressed.

For all its candor and specificity — rare qualities in corporate America — the report doesn't directly address the sources of Uber's misbehavior: its longtime chief executive, Travis Kalanick, and his chief enabler, the endlessly forgiving board of directors that is controlled by Mr. Kalanick and his cronies.

The Holder-Albarrán report recommends that the company consider eliminating its official "core values" like "Always Be Hustlin'," "Principled Confrontation" and "Let Builders Build," principles that "have been used to justify poor behavior." Students of Uber's history can easily match particular recommendations to particular scandals, such as the sections related to "alcohol consumption during core work hours" or "consumption of nonprescription-controlled substances." It also said that workplace rules governing sexual harassment and other prohibited behavior should extend to offsite conferences and meetings. "It should not be necessary to draft separate policies for these events," it added dryly.

The requested repudiation of the company's cultural values would be a repudiation of Mr. Kalanick's cultural values. The entire mess that Uber is in is, ultimately, his doing.

But the report treated Mr. Kalanick with kid gloves, recommending only that a chief operating officer be appointed to take on some of his responsibilities. Also on Tuesday, Mr. Kalanick announced that he would be taking an indefinite leave of absence, attending to mourning the recent death of his mother in a boating accident. In an email message that he sent to employees, he spoke of the need to create an "Uber 2.0." He went on: "If we are going to work on Uber 2.0, I also need to work on Travis 2.0."

Consider all that this presumes: that he is so invaluable that he can step aside — apparently no single person will be in charge during his absence — and work on self-improvement and then, his spot at the top held for him, return. He acts like the company belongs to him.

It's behavior that is, unfortunately, all too typical in Silicon Valley, encouraged by weak boards, investors who compete among themselves to be the most "founder friendly" and dual-class stock structures, similar to those at Google and Facebook, that give founders' shares 10 times the voting rights as ordinary shares.

It's not as though these problems were news to the board. Mitch and Freada Kapor, longtime and respected Silicon Valley investors, spoke out publicly in February about disturbing revelations like Ms. Fowler's. The Kapors, who have been investors in Uber since 2010, when it was just a speck of start-up dust, pointed out a pattern they had seen in the Valley: "Investors in high growth, financially successful companies rarely, if ever, call out inexcusable behavior from founders or C-suite executives."

The new report received by Uber may banish the phrase "Always Be Hustlin'." But the person who created the hustlin' culture that has trampled the interests of so many people, that needed 40-plus separate structural reprimands from its attorneys, will be permitted to get back on his throne. The supine board has left untouched its