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A Failure to Treat Workers with Respect Could Be Uber's Achilles' Heel

Disruptive technology platforms are only as good as the human resources they leverage.

Technology can create new business models and transform existing businesses, but it takes more than technical wizardry to sustain commercial success over the long haul. It also requires a committed workforce, especially when the business involves the physical delivery of people or products.

The idea might seem obvious, yet some high-tech companies seem to have forgotten it, or perhaps in the rush to push the technological envelope they've overlooked it. There seems to be a schism between the high flyers of Silicon Valley and the labor force they rely on.

Take Uber, the company that connects people who require rides with drivers who want to make money via smartphone apps.

Uber will fire a driver if his or her performance rating (an aggregate of the ratings provided by customers of that driver) falls below a certain level. Imagine the fear under which an Uber driver operates. Assume that a driver buys a one-year-old Toyota Camry and drives around Boston for 10 to 12 hours a day providing rides. He picks up a bunch of spiteful teenagers intent on dodging the fare, and they ding the driver's rating because of a routing mistake or just for fun. A few such rides can get him fired. There is no mentoring, training, or improvement program—nothing.

In addition, and equally unfortunate, Uber is enticing some of its drivers to get into debt. The company helps drivers without good credit get on the road by financing the car purchase. A full-time driver in a city like Boston can top his income at between $600 and $1,000 per week. Out of this the driver has to pay, each month, between $200 and $300 for the car loan and at least $300 in car expenses (such as fuel, maintenance, and depreciation). A sick driver, or somebody unable to work for other reasons, still has to pay the loan, even though he or she might not be able to work for weeks.

Uber has also allegedly used underhanded tactics to recruit drivers and sabotage the business of its main competitor, Lyft, as reported recently by the _New York Times_ and the _Verge_. Such shenanigans reflect a general disregard for the importance of developing human resources. People are treated as

replaceable parts.

A cavalier approach to workforce management also shapes the company's contracts of employment. To avoid liability, Uber deals with its drivers as independent contractors, creating a 21st century version of an old employment model, wherein day laborers stand on a street corner and wait for the boss to dish out work to a privileged few. It's true that the rating system and the other quality control measures used by Uber can mean clean cars and polite drivers. And for some people, it provides a new route to part-time employment. But treating drivers as disposable elements does not make sound business sense because drivers play a key role in Uber's service as well as other delivery offerings.

Uber is by no means alone in the high-tech business community in this regard. Dozens of companies now compete in the local same-day delivery business, using couriers to pick orders in stores or warehouses and deliver them to consumers, based on similar business models. Most conventional companies have realized that drivers can add tremendous value. In today's highly competitive markets drivers do more than deliver product on time; they also help to provide the high-level, end-to-end service that customers expect (in fact, based on the supply chain experience, if Uber moves towards product delivery, their challenges might compound).

This is particularly apparent in the last mile, the final link in a global supply chain where the seller – often personified by a truck driver or a courier – completes the transaction by physically delivering the product that the buyer has ordered. For example, at a beverage and snack products company delivery drivers for some product lines have three jobs: deliver the order to the retailer, replenish store shelves, and take orders. They build relationships with store owners.

Some last mile drivers are tasked with bringing in new business along their routes, and are trained to deal with many kinds of problems such as billing issues or product claims. These workers must often follow prescribed appearance standards because they deal directly with customers and represent the company's brand.

With these added roles – especially ones that involve direct contact with customers – comes the need for added training, such as customer interaction scripts, delivery completion checklists, and follow-ups with customers. In one company drivers are given cultural sensitivity training.

The role of drivers is likely to become even more important with the shift toward the bundling of product delivery with additional services. Imagine, for example, a specially trained UPS driver who not only delivers an appliance to a consumer, but helps the person to set it up and explains the warranty details. As baby boomers reach their golden years and the populations of developed countries around the world keep aging, such services will gain in importance.

It appears that most "asset-light" delivery enterprises are a long way from this type of value-add mentality. Perhaps it's time they looked beyond their high-tech platforms and acquired an appreciation for a critical link in their supply chains – human drivers.

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