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# Uber: The Culture Of The Organization, Background On The Organization And Financial Results

## Background on the organization

Uber is a company that all started from one simple idea, how would it be possible to request a ride from your phone? Years later and a few billion trips completed Uber has made a commitment to make transportation safer and more accessible to everyone, made it easier for people to order and get their food delivered quickly, reducing congestion in the city by allowing people to carpool, and creating opportunities to earn an extra income and work on their own terms.

In addition to Uber helping people get where they need to get in life, Uber has been building on many things for the future including urban air transport, self-driving technology, creating new freight bookings solutions, making healthcare more assessible, and helping companies provide their employees with a great travel experience, just to name a few things.

The story of Uber first began in 2008 in Paris, where the two friends Garrett Camp and Travis Kalanick were attending an annual tech conference. A year previous both entrepreneurs had sold their startups for large amounts of money. Camp sold his company StumbleUpon to eBay for \$75 million and Kalanick sold his company Red Swoosh to Akamai Technologies for \$19 million. The concept for the company was first thought of by the men during a snowy night in which they were unable to get a cab. The idea initially started out as a timeshare limo service that could be ordered through a mobile app. Following the conference, the two men went back home to their respective lives but when Garret Camp got back to San Francisco he was obsessed with the idea they had come up with so he decided to buy the domain name UberCab.com.

About a year later although Garrett was still CEO of StumbleUpon he started to work on UberCab on the side and a couple months later Garrett had persuaded Kalanick to join in on the project as UberCab's "Chief Incubator". In early 2010 the service was finally tested in New York using three cars, with the official launch scheduled to take place in May in San Francisco.

As months went on the app rose tremendously in popularity due to the simplicity and ease of the application, and in October of 2010 the company received its first major funding of \$1.25 million by First Round Capital. Unfortunately, not too long after this, the company was hit with a cease-and-desist order from the San Francisco Municipal Transportation Agency for the use of the word "cab" in their companies' name which they quickly changed to Uber and bought the domain name from Universal Music Group.

The year 2011 was an important year for the growth of Uber. Earlier that year, Uber had managed to raise \$11 million in their first round of funding allowing them to expand to cities such as New York, Chicago, D.C., Seattle, and Boston along with Paris. Later that year in the second round of funding Uber raised \$37 million from key companies and figures like Goldman Sachs, Menlo Ventures, and Jeff Bezos the CEO of Amazon. And recently in June of 2016 Uber managed to raise the most money yet from Saudi Arabia's Wealth Fund, raising a total of \$3.5

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billion.

But with every company starting out at some point they will face some troubles, and that all is a part of growth and Uber was no exception to that. In 2011, Uber received a lot of negative feedback from their app users complaining about the surge pricing, which is an automated algorithm that Uber uses to increase their prices based on current supply and demand. Users found these prices to be outrageous at times with prices sometimes reaching seven times the standard rate. Some other issues Uber faced was the protest they were receiving from taxi drivers. Taxi drivers from major cities such as Madrid, London, Paris, and Berlin organized a huge protest against Uber claiming that they create unfair competition through the avoidance of license fees and bypassing local laws.

Backlash was also being received from Uber's drivers as well stating that Uber has been avoiding taxes costing drivers millions of dollars. Also, drivers have been fighting to be considered as employees rather than independent contractors, which would allow drivers to receive employee benefits which Uber does not want to do because it would have a huge impact to the company's bottom line.

With any company that is the first of its kind in the industry soon they would be followed by competition. And Uber's competition was the company Lyft, the rivalry got so heated to a point where Uber and Lyft claimed drivers and employees were sabotaging each other's service through hailing and cancelling rides. Travis Kalanick Uber's former CEO had even admitted in an article that he tried to diminish Lyft's fundraising campaigns.

Uber has been working on several services besides getting their users from point A to point B. Some of the services they have incorporated into their company is UberEATS its food delivery system and UberRUSH a same day courier service. Along with these services Uber also offered UberPool, a method for drivers to choose a cheaper option allowing drivers to pick up multiple people on one ride.

This year Uber has made some acquisitions as well, first the company has partnered with Barclays to present a cobranded reward credit card to the United States. In April of this year Uber purchased the startup JUMP bikes for about \$200 million and in early July they announced they are investing in the company Lime, an electric scooter rental company.

2017 had to be the roughest year for Uber to date. It all began in February of that year when a former engineer exposed the company for their sexist behavior and culture, and that the corporate culture was offensive to most of the people that worked there. Once the statement became public in the following months several top executives were let go or resigned. When Uber's board of directors got a hold of this news they held an investigation which resulted in the firing of more than 20 employees and several recommendations to improve the work environment.

As the scandals and accusations began to add up for both Uber and the CEO, on June 21, 2017 the CEO Travis Kalanick decided to resign. After a few months it was then announced that Dara Khosrowshahi, at the time CEO of Expedia would be taking over as CEO for Uber. Khosrowshahi has had several years of experience in the finance industry and held the position for 7 years prior to heading to Uber. In December of 2017 Khosrowshahi appointed his chief operating officer as Barney Harford, the former CEO of Orbitz.

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With a new CEO in place Uber is headed towards a bright future despite all the trouble it has faced in recent months. Currently Uber is working towards developing their driverless cars, and planning to get a permit for the cars in California but after a huge mishap in March of 2018 when driverless car fatally struck a pedestrian causing all testing to be suspended temporarily. But with a new CEO Uber will be working to put the company at new levels of success.

## **What are the financial results experienced in the past 3-5 years?**

Because Uber is a private company and not publicly traded, it can choose what financial information to release to the public and what not to. But it has chosen to release certain financial information in to the public and investors in the past few quarters.

Although Uber had a terrible 2017 it still found itself growing as a business and losses started to become smaller and smaller. After looking at the numbers the adjusted net revenue for the company in quarter four of 2017 increased 61% to \$2.22 billion from the same time period in 2016, while the value of fares grew as well in quarter 4 by about \$11 billion. Which indicates a huge step in the right direction for the company under the first full quarter under now CEO Dara Khosrowshahi.

Overall in 2017 Uber hit historical levels, both in sales and in losses, it is reported that in 2017 Uber made \$7.5 billion in sales and \$4.5 billion in losses. After such a whirlwind year, at the start of 2018 the Japanese firm SoftBank Group Corporation made a \$9.3 billion investment deal with Uber, making them the largest shareholder of the company; believing that as time goes on more people would be inclined to use the app to get around versus them driving themselves around or using other alternatives such as public transportation.

With the recent financial report released Uber has shown that they are continuing to build upon their revenue while still cutting their losses. At the end of 2017 Uber ended the year “with about \$6 billion in cash, 13 percent less than the year before” according to Bloomberg. But in a conference call with investors the CEO Khosrowshahi told them other services of the company are doing well such as UberEats; UberEats had reached \$4 billion in gross revenue in quarter four of 2017 which means UberEats represents 10 percent of the company as a whole.

## **What is the culture of the organization?**

Despite the company being ousted for the sexist, offensive, and deceitful culture it showed toward its employees and in their business practices under former CEO Travis Kalanick, and a very critical workplace culture report that was released on the company new CEO Dara Khosrowshahi has begun his plan to change all this. The first thing Khosrowshahi did to introduce the new culture was have employees think of and vote on cultural guidelines that they think would work best for the company; a large amount of participation was received, with about 1,200 submissions from Uber employees being voted on about 22,000 times. Once the results were in, it was decided that Uber wanted to focus on eight main guidelines which were; to build globally and live locally, be customer obsessed, celebrate differences, doing the right thing, act like owners, persevere, listen to ideas rather than focusing on hierarchy, and make bold bets. Previous cultural guidelines such as “principled confrontation”, “toe-stepping”, and “meritocracy” were replaced and redeveloped.

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Ubers new cultural guidelines, it looks similar to the guidelines of other companies across Silicon Valley. Companies such as Facebook with one of their values being be bold and Googles core value of don't be evil. Even taking a little something from Amazon with their customer obsession and treating employees like owners.

With CEO in place and Ubers plan to take the company public it seems like Ubers is headed towards the right path to fixing their problems and taking the company to the next level.

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