

## MoS Rapid Response Transcript – John Zimmer

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### [THEME MUSIC]

**BOB SAFIAN:** Hi listeners, this is Bob. Welcome to Masters of Scale: Rapid Response. Today I'm talking to [John Zimmer](#), co-founder and president of Lyft.

John began working on ridesharing with his co-founder Logan Green more than a decade ago, years before launching Lyft in 2012. They've confronted naysayers, regulatory hurdles, and competitive pressures. But nothing like the impact of Covid-19.

Lyft's first direct encounter with coronavirus came in early March, when a team member reported potential exposure. Since then the business has been turned upside down.

John's manner is calm, but the activity has been intense. Lyft was able to get 200,000 bottles of sanitizer to distribute to drivers, spent over \$1 million on protective equipment, has provided 200,000 discounted rides for healthcare workers, and quickly stood up a new delivery service called Lyft Essentials.

Today John talks us through the company's decisions, the role that rideshare can play in an urgent environment, and why he believes the mission of transportation is more important than ever.

He also notes how going public a year ago gave the company critical capital, and why constant communication has kept employee engagement as high as it's ever been.

Let's listen.

**SAFIAN:** I'm Bob Safian, and I'm here with John Zimmer, co-founder and president of Lyft. In this special series at Masters of Scale, we're interviewing business leaders who've agreed to share their experiences and perspective amid the COVID-19 crisis in hopes of helping others find their way through.

John and his co-founder, CEO Logan Green, oversee a platform that had been delivering millions of rides a day. That landscape has shifted with social distancing and they're facing a range of new issues and decisions in a fluid and ambiguous environment. John is coming to us today remotely from California as I ask my questions from my home in New York. John, thanks for joining us.

**ZIMMER:** Thanks for having me.

**SAFIAN:** I mentioned to one of your Bay area colleagues recently that I was in San Francisco in early March, and while there was conversation about the Coronavirus, mostly things were business as usual. And then suddenly, almost overnight, it seemed like everything shifted and I'm curious, what was the moment that you realized things were going to be different? Radically different? And then what were the first steps that you took?

**ZIMMER:** Yeah. It was around that time frame of early March when I realized this was different than anything we had ever faced. We actually had put together the first email to the company at the end of January, related to travel, because we do have people traveling to Asia at times and so that was the first communication.

Then at the end of February, we put together a task force of people from all around the company that would be in the role of making decisions around COVID. And then it was on March 4th that we had an individual with potential exposure to COVID and that we started taking the step of encouraging work from home for those that it was possible.

**SAFIAN:** And that person who tested – or potentially tested positive – were they in the Bay area?

**ZIMMER:** Yeah. It was an individual in the San Francisco office. They actually were never tested, they never developed any symptoms. We were just being extra precautionary because they were living with someone that may have been exposed.

And then throughout March, it was really around making sure that we were communicating with all our important audiences. That's the driver community, the rider community, and the internal team members at Lyft.

**SAFIAN:** The rideshare has become an essential service during the crisis. Did you recognize that right away, that rideshare would be an essential service?

**ZIMMER:** I think, like many people, we were learning as we went. It certainly felt to us that transportation itself is incredibly critical for people who need – whether it's access to food, access to medicine, access to the essentials, everything starts with transportation.

And so, some may be in a fortunate position where they could get delivery, others may not be able to do that. There's also essential workers that need to get to all the places that are deemed essential and many individuals – or if you didn't own a car – more comfortable taking a service like Lyft than riding in public transportation given the pandemic.

**SAFIAN:** So how do you generate confidence about getting into someone's car or having someone get into your car when there's fear of infection?

**ZIMMER:** Yeah. Again, a lot of this was, a lot of people were learning as we went, but just like when we started Lyft, we thought about safety from the beginning and we thought about our own loved ones using the service – and ourselves using the service. So we use the same lens.

So we quickly put together the medical advice that came from various sources, like the CDC, to recommend cleaning procedures. Obviously, we identified that certain things like sanitizer were in very high demand in the early days and we had been very fortunate, really early on, to secure about 200,000 bottles of sanitizer and we began distribution to drivers in the community and we continue to distribute those.

And more recently, we've made an investment in masks as well. And so, I think to date, we've spent over a million dollars on protective equipment, making sure that we're not getting in the way of supply chains that are needed for medical workers, but also making sure that we're doing everything possible for our drivers and riders to be best protected.

**SAFIAN:** Yeah, that's a tricky balance. You don't want to step in the way of the health workers, the frontline workers, but on the other hand, they can't get to their places of work if they don't have a way to get there.

**ZIMMER:** Right.

**SAFIAN:** The economic impact of the Coronavirus is certainly expanding. A lot of people are out of work. How do you go about helping your drivers in this environment?

**ZIMMER:** So, a few things. One of the things that I think surprised people within those first couple weeks, we provided openings and referrals to other places of getting work. Namely, we had spoken to Amazon and set up a specific page and done what we could to get anyone in the Lyft community at the front of the line when possible. So, we did that

really early on. There was no financial interest in us doing that, it was obviously just the right thing to do.

We also created a driver task force and we had 120,000 drivers sign up to date. I think 90,000 in the first day signed up. And the driver task force, the idea was we wanted to hear from drivers that were willing to obviously, provide rides to essential workers, but also if there were opportunities to dial up essential deliveries that we're now working to grow, we wanted to make sure that drivers could opt into that.

Those are all paid rides and we've been partnering with hundreds of nonprofits and local organizations who can best identify local community members who need deliveries or rides to help fuel that type of income need that some drivers depend on.

**SAFINA:** And you're saying these are paid rides. Are you guys subsidizing these rides? Or these are paid rides just for folks who need the transportation?

**ZIMMER:** Both. We've now partnered with over 500 local and national orgs, nonprofits, healthcare organizations. If it's a nonprofit, that is either being funded by us or an additional funding partner that the nonprofit had funds for; if it's a healthcare org, oftentimes the healthcare org is paying for that transportation. But no matter what, within that driver task force, the 120,000 drivers, if they are sent a ride request, that is a ride they will be paid for.

**SAFIAN:** Your drivers aren't generally at it full-time, right?

**ZIMMER:** Ninety one percent of people drive with Lyft typically less than 20 hours on average and use this as supplemental income. So, as we both enter or continue to be in this crisis and then exit this crisis, it will be really important that we provide income earning opportunities for those that do do this – the 9% that use it more than 20 hours as well as that large majority that drive less than 20 hours given that their other sources of income may have dried up.

**SAFIAN:** There's been a fair amount of tumult around gig economy workers, some protests and strikes, some specific questions about paid sick leave and unemployment benefits, as well as access to stimulus funds. What's been Lyft's reaction to those kinds of issues?

**ZIMMER:** We always want to be doing what we can for drivers. This is a particularly difficult time for drivers and for, frankly, many, many Americans. Many years ago I went to our general counsel and asked her what type of benefits could we provide for drivers while still maintaining the ability for them to turn on and off the income whenever they wanted.

Labor law was written decades ago such that there are two choices: employment where benefits are tied to employment and independent contractors where there aren't those types of benefits tied to that type of work. And so I said, "Well, why can't you just create something new?" And I think at the time she laughed at me. And I've now grown to understand how complicated it is.

It's a really important time for us as a business and us as a society, to define new ways of providing benefits to those that perform all different types of work. There's a concept called portable benefits that has been discussed for many, many years. And we've put forward an initiative in the State of California that does have healthcare subsidies and additional benefits. And that's something that we hope coming out of this, the whole economy could be better set up to handle.

**SAFIAN:** You've also set up a relief fund for drivers, haven't you?

**ZIMMER:** Correct. Yeah. So if an individual has tested positive, we have a specific set of requirements, but as long as we get a note from the doctor and that this person has been active in the past 30 days on the platform – even if they're just trying to get rides for a certain number of hours – we have put aside funds for individuals so that they don't need to make that choice between driving if they are sick and staying at home.

**SAFIAN:** Do you see new drivers joining the platform?

**ZIMMER:** Well, actually to protect existing drivers, we created a wait list, so that you couldn't come on the platform as a new driver right now, because we wanted those drivers that were already signed up to have as much of the economic earning potential protected as possible.

**SAFIAN:** Earlier this year you announced a new initiative called LyftUp, and if I remember right, there was a partnership with LeBron James to give free bike share membership to youth in low income areas in certain neighborhoods in New York City, I think, and maybe then Chicago and The Bay Area was part of the plan. Seems like that's now become something larger. What is LyftUp now?

**ZIMMER:** Yeah. So LyftUp now, and before, is all about providing access to transportation for those that need it most. When we started the business we had – and we still have the same mission: improve people's lives with the world's best transportation.

So within the LyftUp initiative that we've launched, we're partnering with 500 local and national orgs providing free rides and discounted rides to both essential workers and people in need of transportation. Some of our partners include The United Way – which has delivered over 20,000 rides as part of this near term program – the National Council

on Aging, and the World Central Kitchen, getting food to people in need. We've also provided discounted Lyft rides to more than 200,000 healthcare workers throughout the month of April and some of those included bike and scooter rides, which is some people's preference on how they want to get around during this time.

**SAFIAN:** Yeah, I noticed that you've partnered with local organizations like the Somali Family Service in San Diego, helping immigrants and refugees get to essential jobs and grocery stores, and in Boston with Women's Lunch Place, and then the National Council On Aging, as you mentioned, helping caregivers deliver food and supplies to those who are homebound.

**ZIMMER:** If you look throughout society at all the things that we want to make more equitable, it often starts with being able to get somewhere. If you need to own a car to get to job opportunities, then you're at a disadvantage. If you don't have access to public transportation and you need to get to healthy groceries, you're at a disadvantage. And so this is something we set up when we went public – that was about a year ago – and with COVID, it obviously takes on a further meaning, and we've been leaning into ways to get essential workers to their jobs.

**SAFIAN:** You also launched a new B2B initiative, Essential Deliveries.

**ZIMMER:** Yeah. So we had done a small amount of deliveries with our B2B or enterprise platform previously, but we're now piloting in about 11 markets transporting goods for nonprofits, healthcare organizations, local governments, and businesses. So examples include medical supplies; food that students were getting at their schools, but they're no longer attending schools, so we need to get to their homes. So this is one of the things that the driver task force I mentioned previously with over 100,000 drivers signed up is helping to fuel.

**SAFIAN:** And partnerships, I understand, are a big part of this. Right? You're working with Dole to get food from warehouses to senior facilities, and partnering with Army of Angels on school lunches, other organizations looking at additional organizations to deliver from food banks to low-income communities.

And to be clear, these are contact-free deliveries that drivers opt into, and they're paid similarly as for standard rides.

**ZIMMER:** That's right.

**SAFIAN:** I want to ask you some questions about Lyft's operations. Your platform is certainly designed around digital engagement, but your office may not always have been. And of course now everyone is working digitally, remotely, it's different. Are there lessons that you've learned in the short time?

**ZIMMER:** It feels a lot different. I miss being able to see people, to see the people we work with to best understand them. But what we have found to be, I'd say the biggest lesson, has been over-communication, and more and more and more communication is really just the lesson. I always thought that was true and I think it's never been more true.

So a few examples that we put into action. My co-founder Logan and I started doing an ask me anything, an AMA every morning for almost the full month of March. Everything that got up-voted, we answered. So there was nothing that we didn't answer. And that was really important. We've looked at the team's engagement since that and it's as high as it's ever been, meaning that people really appreciate the communication and that's something that we're going to continue to do.

**SAFIAN:** You seem very calm about all of this. Has it felt calm all the way through?

**ZIMMER:** No. I think it's important as a leader to remain as calm as possible. I think it's also important to know that Logan and I, we've been working together for 13 years. Lyft is only about eight years old. The first five was a company called Zimride, and the last eight years have been with Lyft. The first half of Lyft was us trying to survive as a business. And so from a business perspective we faced a lot of adversity.

We're all in this together. Society is struggling. We've obviously never seen anything like this. Of course I feel stressed and I feel the weight of the responsibility to drivers, to riders, to our team members at Lyft. But the only thing I can control is the decisions we make, and so I always do my best to remind myself of that when I do feel stressed.

**SAFIAN:** Are there folks that you go to for advice in this situation? I know that Zimride was around during the great recession. Obviously, it was much smaller. Lyft didn't start until 2012. Are there folks who've been through 9/11 or are there places you go to for reflection, advice, commiseration?

**ZIMMER:** Yeah. The good news is we have a really strong team and board. And so, most of the people that I'm going to are the people that are around us. I don't have to go searching far for that. So whether it's Logan, my co-founder, who we've been through a lot together and we can talk through these things; whether it's board members that are on multiple boards that have run companies previously; whether it's team members, we have Anthony Fox who was Secretary of Transportation in the last administration and has seen many difficult things. I've talked to many mayors locally trying to determine what we can do to help and what they're seeing on the front lines. I think the level of BS is at a minimum and people are very direct, and I'm finding that incredibly helpful.

**SAFIAN:** How has this COVID time impacted your confidence in the model and the mission that you and Logan started the company with? Do you look at Lyft's future differently because the world is different?

**ZIMMER:** Well, because we've been working on Lyft for eight years and we've been working on the same mission for almost 13, I do not look at the mission any different: Improve people's lives with the world's best transportation. It's a very lasting mission. It's going to be more true than ever coming out of this again, because transportation is the root of economic activity and economic mobility.

And if you look at how we've built transportation to date, it's a very broken system that you need to spend \$9,000 every year to own and operate a car – that's the average household expense for the car – that you only use 4% of the time. There's no room for that type of waste anymore coming out of a crisis like this. So I would only say that the mission is even more urgent. We need to make it easier for people to access transportation. We need to make it more affordable for people to access transportation. And once we get past that, if we can also make it more enjoyable to be within your city and to interact with the people that you care about, that is also very important coming out of this crisis.

**SAFIAN:** One of the things that distinguishes New York City, where I am, is the public transportation system, the subway, which some people also now look at as maybe a place where virus transmission might've been accelerated. I'm curious if as you look to the future of where Lyft's business would be, do you think public transportation of the kind that we have historically had is going to be diminished, adjusted because of this crisis, and what does that mean for the kind of business that you all have?

**ZIMMER:** Well, one. Yeah, I've lived in New York and the public transportation system there is phenomenal. I think absolutely there will be changes and whether that's in the medium term for the next year or whether it's longer – I think sanitation and making sure that all forms of transportation are clean, safe and a healthy way to get around – is going to be a bigger priority than ever.

Specific to what we do, our goal is to create one app where you can get all your transportation needs. So we do have transit within the Lyft app. We do have bikes and scooters within the Lyft app. We've already adapted the bikes and scooter cleaning procedures because it is a phenomenal way of getting around where you don't need to interact with another person during this time. For ride share specifically, as mentioned, we've been distributing bottles of sanitizer and masks and we'll continue to update procedures to make sure that that part of the service is as safe as possible.

**SAFIAN:** And the cleaning bikes and scooters, you're doing that in a different way than you had before. Is that expensive?



**ZIMMER:** Yeah, it is. Lyft owns the Citi Bike system in New York City, the Divvy system in Chicago, and systems across DC, Boston, San Francisco, and other geographies. And we talk to the heads of the Department of Transportation and we say, "Hey, look, we're here. We want to provide this important form of transportation now. We've ordered a lot of equipment to increase the cleaning because it's the right thing to do. And we'll figure out the ramifications of that as we go through this." But I think step one was making sure we're doing right by our customers.

**SAFIAN:** Yeah. How much do you have to balance in each of these decisions now your shareholders, the costs, the trajectory that you were on, that everyone was on, is different? The expectations are different. How do you weigh that into the decisions that you're making?

**ZIMMER:** Yeah. First thing is the customer and his safety. That's always the first part of the decision and so, if there's a cost of buying the cleaning equipment, that's okay.

That said, obviously we are weighing all of these different stakeholders – the rider, the driver, the internal team member, and the shareholder – and then you have the broader community as well. I'd say specific to shareholders, we are being very prudent in our decisions. Again, if we do make a near-term decision to help the safety of the people involved in our business, that is a good long term shareholder decision.

**SAFIAN:** One of your colleagues in San Francisco at Airbnb recently raised an extra billion dollars to have a larger cash war chest to go through this period. Is this something you guys think about, more cash flow?

**ZIMMER:** Not at this time. We're fortunate that when we did go public about a year ago, that we raised sufficient capital for us. We ended last year in a great position, and we're going to continue to be prudent so that we don't need to raise additional capital.

**SAFIAN:** In this environment, planning has become harder and harder. How far out do you plan for the future and how much are you just sort of reacting day to day?

**ZIMMER:** Yeah, it's evolved where we were in that day-to-day mode, and I think we're now in a more week-to-week, month-to-month mode, but we create rules for ourselves. So we have rules that we won't break. Meaning we will always have a certain amount of dollars in the bank, we will never go below that. We have rules around how much we would allow ourselves to spend in a given quarter. Then we govern ourselves based on those rules.

In terms of the predicting what will happen to the business, what we plan on is that any prediction we make will be wrong because you can't perfectly predict it. But we create what we would call "the most likely case scenario" or the base case scenario of demand

and what implications that has on the business. Then we also run a model with the worst case scenario. Then we kind of look at all decisions through those two lenses.

**SAFIAN:** Your best case and your worst case have changed quickly. But it doesn't necessarily change your optimism about the long term trajectory of the business?

**ZIMMER:** Not at all. It doesn't. I remain optimistic about the long-term trajectory. I do think that there will be near-term pain and that will be really hard on the people involved in our business. It will be really hard on the business itself. But we've always been longterm about how we're thinking about this and our long term vision and view of the opportunity has not changed.

**SAFIAN:** Great. I did want to ask you, how do you manage your own stress and what advice do you give to other people on your team or elsewhere about how they should manage theirs?

**ZIMMER:** For me, the most important thing is exercise. I am a different person when I get a good workout in and when I don't. So I've really tried to prioritize that. I'm a better person overall, a better dad, a better husband, and a better team member at work when I work out and get good sleep. So I think in times like this, the basics of exercise, food, and sleep are more important than ever. Also, it's wonderful, I have two daughters that gives me perspective. When I come home or my work is interrupted by a four year old, it really helps remind me of the things that are most important.

**SAFIAN:** Well, John, thank you for sharing your time and your thoughts with us today. We wish you a lot of good luck.

**ZIMMER:** All right, thanks Bob.