

Shyp reclassifies contract couriers as employees

July 3 2015, by Heather Somerville, San Jose Mercury News

Shyp, the quickly growing startup that provides on-demand courier services, said Wednesday it would reclassify its contract workers as employees, becoming the latest high-profile tech company to change how it compensates its workforce.

Shyp's entire workforce, comprising hundreds of couriers, have been classified as employees and will now get workers' compensation, among other benefits, [company executives](#) said. The [company](#) will also pay for couriers' vehicle expenses - an enormous cost to anyone driving for delivery or car-booking services - in addition to their unemployment, Social Security and Medicare through payroll taxes.

"As a rapidly growing business, we want to ensure that each time a customer uses Shyp they have an incredible experience," Kevin Gibbon, CEO and co-founder, said in a written statement. "For this reason, we want to provide our couriers with additional supervision, coaching, branded assets and training, which can only be done with employees, so a shift is needed."

The company also said it will not institute a non-compete policy, allowing employees to also work for other on-demand businesses. Shyp's staff also includes warehouse employees and van drivers who transport items to the warehouses, and these people were always classified as employees.

Shyp, founded in 2013, picks up items from a house or business and

takes to be professionally packed and shipped to their destination using the U.S. Postal Service, FedEx, UPS, OnTrac or other regional carriers. The company has raised more than \$62 million from investors.

Gibbon described the switch as "an operational decision based on our interest in owning the entire, end-to-end Shyp experience; it is not in response to recent lawsuits against other technology companies."

San Francisco car-booking company Uber is facing a class-action lawsuit from former drivers who said they were misclassified as independent contractors when they were in fact employees. The California Labor Commissioner last month ruled that an Uber driver who filed a complaint was an employee and entitled to reimbursement of expenses; in May the Department of Economic Opportunity in Florida made the same ruling about a driver in that state. Uber has appealed both decisions.

Instacart, the San Francisco grocery delivery service, became one of the first tech startups in the so-called on-demand economy - companies that use a smartphone app to connect people with instant services, such as a ride to the airport or dry-cleaning delivery - to reclassify some of its workforce when it offered its contract grocery workers in Chicago and Boston part-time [employee](#) status.

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