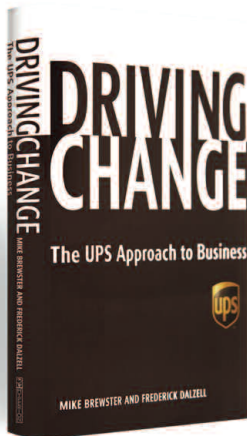




Executive Book Summaries®



by Mike Brewster and
Frederick Dalzell

The UPS Approach to Business

DRIVING CHANGE

THE SUMMARY IN BRIEF

UPS has earned a reputation as one of the top companies in the United States, known as much for its innovative practices as its skill in creating satisfied customers and employees. *Driving Change* tells the UPS story in a way that provides clear-cut lessons from which any business can benefit. Authors Mike Brewster and Frederick Dalzell demonstrate how UPS became a global commerce leader and why “Big Brown” is a company to emulate.

If you really want to find out what makes the world’s leading package delivery and logistics company tick, if there is anything valuable for today’s managers to learn from UPS, it all starts with the drivers. Mention UPS to anyone, anywhere, and you’ll hear immediately about *their* driver: Rudy, Murph, Patrick or Sue.

Go to Mahwah, N.J., to UPS’s World Technology Headquarters. Each day, data on some 15 million packages wends its way through the UPS global network. It doesn’t matter where in the world a UPS package is, all package information is maintained on the global UPS system, enabling the company to act as one worldwide company.

Nonetheless, technology, too, has its limits, and UPS must get creative in order to serve its customers in every corner of the planet. In Zambia, for example, UPS uses canoes to make deliveries across the Zambezi River. At the other end of Africa, mules deliver UPS packages into villages in the Abu Simbel region of Egypt.

Go back — 100 years to be exact — to 1907 Seattle, where a tiny company called the American Messenger Company was started by a teenager named Jim Casey. And this is what you find about UPS and the nature of change.

IN THIS SUMMARY, YOU WILL LEARN:

- How UPS uses culture as a competitive advantage.
- Why “constructive dissatisfaction” is encouraged at UPS.
- The way UPS changed its business from retail package delivery to wholesale carrier.
- About the technology challenges the global carrier has had to face.
- Why UPS’s employee ownership philosophy keeps morale high and turnover low.

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THE COMPLETE SUMMARY: DRIVING CHANGE

by Mike Brewster and Frederick Dalzell

Culture as a Competitive Advantage

Jim Casey was born on March 29, 1888, in Nevada and moved to Seattle with his family when he was eight. He quit school at age 11 and worked as a messenger before partnering at age 15 with two other messengers to launch their own business.

After trying the business in Goldfield, Nev., Casey returned to Seattle, and he and his new partner, Claude Ryan, started the American Messenger Company in 1907. They resolved to employ only clean-cut boys from good families whom they knew personally. In a roundabout way, the buttoned-up, Eagle Scout earnestness that UPS is so well-known for today developed in part as a reaction against the turbulent times in which Casey first did business.

The Origins of Culture at UPS

Much of the company's early business came from delivering Western Union telegrams. In 1913, Casey and Ryan merged their venture with another small Seattle delivery business run by Evert McCabe. McCabe brought an expansive sense of optimism and strategic vision that would make him one of the most important figures at UPS for many years. McCabe and Casey soon became the two guiding forces behind the company: Casey, the cautious and reflective businessman, McCabe, the visionary.

Once McCabe came on board, the firm adopted the name Merchants Parcel Delivery and began to focus on deliveries for small retail businesses in downtown Seattle. In 1912, a domestic parcel-post service was created by Congress. Large department stores and mail order houses in the big cities became interested in using parcel post for local deliveries, replacing local express companies.

By 1917, Merchants Parcel Delivery had persuaded three of Seattle's largest department stores to turn over their entire delivery operations. Early on, the company realized they could win a lot of business if they had a reputation for quick delivery. By 1919, they were looking to expand into other cities farther down the West Coast. From this expansion the partners renamed their company

United Parcel Service (UPS) and began using brown-and-gold delivery cars. UPS began courting major department stores that prided themselves on the high-end nature of the retail environments. UPS had to persuade them that the delivery company would both provide excellent service to customers and reflect well on the merchants.

An Identifiable Corporate Culture

In the firm's early years, the work of forging a culture was relatively straightforward. A collective commitment to ways of doing business, and in particular an appreciation for maintaining impeccable standards of service, could be conveyed by example.

In 1927, the founding partners invited employees to become part owners of the company, one of the first stock-offering plans in American business. What was distinctive about UPS's plan was that it went beyond basic profit-sharing to actual voting shares. From then on, the company's owners would include not just executives but front-line employees too.

The Mark of the Founder

During the first 25 years of the company, UPS share prices never decreased in value — not even by a penny. In the very midst of the Depression, in 1932, UPS was moving 10 million packages each year, and the formerly

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Culture as a Competitive Advantage

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The Policy of Spic and Span: Becoming 'Brown'

UPS adopted a dress code and a code of etiquette. Success hinged on appearance and trust — on a *brand*. For UPS drivers, that meant fresh shaves, pristine uniforms, no smoking on the job and scrupulous politeness. As department store deliveries became the core business, this attention to detail and concern for professional appearance became a defining aspect of UPS.

In 1925, the company began issuing its drivers standardized brown uniforms in all cities where the company operated. Brown worked in part because it was more conservative, yes, but also because brown package cars looked cleaner on the roads, and UPS needed its cars looking as “spic and span” as its drivers.

dominant express companies had been waylaid by their inability to adapt.

UPS was thriving, and it all started with Casey and the management techniques he espoused, such as promoting from within, the stock ownership plan and the real interest executives showed in employees' progress. Every CEO since Casey has found reasons to invoke his spirit.

A dynamic founder can be an invaluable asset for a young company, but a problematic legacy as well. Every company has to eventually outgrow its origins and move beyond the vision, energy, ethos and outlook that set it in motion. Casey saw this test coming and worked doubly hard to instill UPS with the cultural outlook, leadership talent and management tools to survive as his legacy. ■

For information on how UPS developed a policy book based on its culture, go to: <http://my.summary.com>

Constructive Dissatisfaction and the Quest for Continuous Improvement

Around 11 p.m. the last passenger flights disappear into the evening sky at Louisville International Airport; oddly enough, that's when things begin to get interesting. UPS, in close cooperation with Louisville, Ky., has carved out a large piece of the airport's cargo facilities, called Worldport, for its global air express hub. On a typical night, more than 100 UPS planes from all around the world converge on Worldport. Between

11:30 p.m. and 5 a.m., UPS unloads, sorts and reloads onto the outgoing Browntails (UPS lingo for its air fleet) somewhere between 800,000 and 1 million domestic and international air packages at Worldport.

Worldport, occupying 4 million square feet, four floors, three concourses bristling with 44 aircraft docks and staffed by more than 5,000 UPS night owls, dramatically displays UPS's operational and engineering genius. Worldport is also a study in how UPS achieves its stated mission of synchronizing commerce. The company handles more than 15 million packages around the world each day, and every one must be scanned and routed through the company's global network.

Contingency Teams in the Wings

Not all 5,000-plus employees who work the night shift at Worldport are involved in the sorting of packages; some prepare for potential snafus. Every Monday to Friday night at 7 p.m., a dozen or so UPS managers file into a conference room at the Air Service Center for the evening's “hot crew” conference call. Hot crews are standby crews waiting to be deployed on a contingency basis wherever glitches erupt in the company's air network.

Passenger airlines are prone to setbacks, as any frequent traveler discovers. A grounded passenger flight might frustrate anywhere from 50 to 300 customers. But the delays that constitute business as usual for a passenger airline are unacceptable to UPS. A grounded Browntail with full cargo delays 12,000 packages, and because those parcels involve customers on both the sending and receiving ends, that translates into 24,000 affected customers.

Keeping a dozen or so crew members and maybe 20 aircraft on call every weekday is an expensive necessity, particularly for an enterprise as focused on the bottom line as UPS. But if there is one thing to understand about the company, it's that every plan has a backup plan, and that backup plan has a backup plan. It is simply the cost of doing business.

The Birth of Constructive Dissatisfaction

Jim Casey coined a term to describe this compulsive habit of tinkering with the status quo: “constructive dissatisfaction.” His memorable phrase makes the point that continuous improvement is never easy, that it stems from pushing people out of their comfort zones even when things are going great for a business.

Many great companies have come together around a breakthrough product or service or idea. Kodak comes to mind, with the Kodak camera in 1888, and Xerox

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Constructive Dissatisfaction and the Quest for Continuous Improvement

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with its plain paper copier in 1959. UPS, by contrast, represents a different kind of company. It has rarely grown by bursts of pure invention. It has built itself not by inventing so much as by engineering and then re-engineering — its equipment, its systems, itself. ■

A Common and Uncommon Carrier

Rudy Taylor, a driver who currently works in New York City, has been with UPS for 30 years. Five years ago, Taylor was inducted into the Circle of Honor, reserved for UPS drivers with 25 years of service without an accident.

Taylor is certainly not alone at UPS as a superb professional driver. Nearly all longtime UPS drivers are exceptional, including the tractor trailer drivers. Taylor and his 70,000 fellow drivers make a lot of deliveries to businesses. It's hard to believe that for almost the first half-century of its existence, UPS did hardly any business-to-business deliveries but grew only through its consolidated retail delivery business, bringing packages from department stores to people's homes. The UPS of today only emerged after a transformation sparked by fundamental socioeconomic trends.

A Seismic Change in the Market

By midcentury, UPS had built a consolidated retail delivery business in metropolitan markets across the United States. With the outbreak of World War II and the imposition of wartime rationing, UPS's retail customers sharply curtailed deliveries. Prospects brightened with the return of peace in 1945, but business at UPS did not fully revive, as department stores started to push back on the cost of deliveries. UPS now faced a moment of truth. It could adopt a new business model, or it could stay the course.

The most intriguing opportunity was wholesale deliveries. Having spent decades mastering consolidated delivery, UPS confined itself to carrying commerce out of retail businesses to consumers. Wholesale deliveries meant bringing goods *into* those stores from other businesses. As the country's new highway infrastructure took shape, long-haul trucking emerged as a viable alternative to railroad freight.

Naturally, early wholesale coverage tended to dovetail with areas where UPS served retail customers. In the

suburbs, the company commingled retail deliveries with wholesale pickups, but in cities, it initially handled the new business with a separate set of vehicles and routes. Either way, UPS drivers retained the brown uniforms and professional demeanor.

By 1956, wholesale business was beginning to supplant retail deliveries at the center of the company's thinking. Casey set a goal of achieving comprehensive coverage in U.S. wholesale delivery within 10 years. However, it took UPS more than three decades to achieve this milestone. What started in 1952 as an effort to add wholesale traffic became a campaign to forge what UPS began calling the Golden Link, meaning contiguous states through which UPS could deliver packages from one coast to another.

In 1980, the Federal Interstate Commerce Commission authorized UPS to serve retailers on an interstate basis in common carrier operations throughout the United States. Through 28 years of slow building, UPS had transformed itself from a retail deliverer operating in scattered metropolitan markets into a common carrier capable of picking up and delivering packages anywhere in the United States. UPS achieved transformation by working slowly and methodically, from the inside out. ■

Rising to the FedEx Challenge

UPS is defined mainly by its drivers and brown package cars. But it also runs the eighth-largest airline in the world, serving more than 800 airports in more than 200 countries and territories around the world. By the time it committed to building this airline, UPS had been in business for more than 75 years and had forged world-class ground operations.

The company's first attempt at an air service was called United Air Express. It failed, but more than 20 years later, in 1953, the company tried again with United Parcel Service-Air. Rechristened "Blue Label" in 1967, the air business remained small and, strategically speaking, something of a sideline.

The FedEx Challenge

Unlike its common carrier business, UPS's Blue Label air service contended with experienced and effective competitors. By the late 1970s, Emery, Airborne and Purolator were all jockeying Blue Label for elbow room in the skies. The sharpest elbows, though, belonged to a hungry new company that burst onto the scene in 1972 — Federal Express.

FedEx's hub-and-spoke system — with Memphis,

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Rising to the FedEx Challenge

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Tenn., as the sorting hub — created the most efficient next-day-air operation in the industry. By the early 1980s, FedEx had revolutionized the airfreight business and established itself as the leading overnight delivery provider. All of which UPS watched with some concern but, at first, not with any real sense of urgency, since FedEx did not put itself in direct competition with UPS's ground dominance but instead focused early efforts on building its own premium overnight business.

The surprise for UPS came when the size of the market that FedEx had tapped into started to become clear. Customers were beginning to ask UPS drivers and sales professionals why UPS wasn't offering next-day delivery. UPS, a company that had built its reputation and name on high standards of its service, had been outplayed at its own game.

Taking to the Skies

In 1981, UPS decided to buy airplanes, but would rely on a group of independent carriers to handle the operations. The company debuted overnight service in August 1982 between West Coast cities. The planes were even painted with UPS brown, thus the term *Browntails*.

Expectations ran high in September 1982 as the company prepared its nationwide launch of Next Day Air, serving 24 cities. UPS delivered 1,800 packages the first day, a number that was nothing less than humiliating. The company realized that the UPS brand didn't attract air volume the way it attracted ground volume. But UPS persevered, stepping up marketing efforts. Coverage, along with the size of the fleet, expanded in several phases over the next years. By 1985, UPS was offering Next Day Air across the continental United States and preparing to launch its air service to European destinations.

In August 1987, UPS announced it would take control of its fleet and maintenance operations and apply to become an official airline. Both the pilots and UPS management had adjustments to make, as the company absorbed the dynamics of air operations. UPS's gateway staff eventually had to accept the reality that they had far less control over air operations than ground operations. ■

Beyond the Golden Link

In 1975, with the Golden Link between the east and the west coast finally completed, UPS had the authority to link its service within the 48 contiguous states. Hawaii, thanks to a UPS acquisition, was also linked, and Alaska soon would be, meaning that UPS served all

50 states. It was time to take the business and duplicate it in an international market.

The thinking back then was that UPS's non-United States revenue opportunities were primarily intra-country. The question was which country offered the best intra-country market? Now that UPS served the entire United States, Canada seemed like the most logical and low-risk choice for expansion. On February 28, 1975, UPS began its Canadian service in Toronto, the company's first operation based outside of the United States.

Farther Afield

West Germany was next. A West German operation was not to be "international" in the sense of transporting packages between the United States and Germany or between Germany and any European neighbors. Rather, this was to remain a domestic operation within Germany.

The German post office, or *Bundespost*, UPS's would-be main competitor, didn't care much about service. It paid little heed to the needs of its customers and delivered packages on its terms, not its customers'. Fortunately for UPS, an opening in German law didn't automatically give the parcel monopoly to the Bundespost, as the U.S. Post Office enjoyed for first-class mail. German customers clearly wanted an alternative, and no other American delivery company was yet on the scene. In August 1976, packages were slated to start flowing as UPS launched its domestic ground business in West Germany.

Despite problems with employees and weak service in some areas, UPS had clearly hit upon a huge need in West Germany. For one thing, volume kept increasing. For another, in those instances when competent drivers actually completed their routes, customers loved the service. But the Bundespost was delivering as many packages as UPS was and certainly wasn't going to sit by as the newcomer poached its customers.

UPS increased salaries, retrained West German employees and implemented local accountability to help UPS Germany stop hemorrhaging money, although it would be many more years before it entered the black. After more than 30 years, it's one of UPS's strongest areas of the world. ■

Creating a Truly Global Business

In 1985, UPS was anything but a global company. The full extent of its international operations 10 years after obtaining full interstate rights in the United States was a domestic ground operation in Canada, as well as one in West Germany. A package could not be sent from New

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Creating a Truly Global Business

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York to London via UPS.

The problems launching the domestic operation in West Germany would inform how UPS would operate on a global stage for the next three decades. There was to be a critical difference, however, in how UPS would go about applying the hard-won lessons from West Germany to its operations in Europe and Asia.

When UPS decided to expand beyond West Germany in Europe in 1985, the first step was to choose where to expand. The management committee decided on the United Kingdom, as well as France, the Netherlands, Belgium and Luxembourg — four countries whose proximity to West Germany would allow them to quickly get packages to a yet-to-be-determined West German hub.

From Three to 180 Countries Served

Over the next four years, UPS made 16 major European acquisitions, as well as two major acquisitions that brought service to many parts of Asia, the Middle East and Africa. Important joint venture relationships were forged in China, Japan and Korea, and agent relationships were set up in Turkey and several other countries. Throughout this period, UPS tried to shore up its European operations by acquiring companies with the capabilities to solve some of the problems it was having.

By late 1989, UPS served more than 175 countries and territories. The company received some good news in 1996, when the European Union passed legislation that effectively removed borders between EU members, meaning that UPS trucks, package cars and vans could move from country to country without having to clear packages through customs. For UPS, this meant that its hard-won pan-European ground network, developed while its competitors emphasized air express, could operate far more efficiently. The globalization embodied in the opening of European borders was followed by an even larger-scale removal of barriers: the explosion of online retail.

In 2005, UPS International did \$8 billion worth of business in a company with \$42 billion in revenues. But the company must work to keep together a network of joint ventures, alliances and contractors to create delivery operations in “non-Brown” countries. ■

The Technology Company That Delivers Packages

About a week or so before Christmas Day, a trio of UPS Brownails lands at a tiny nondescript airport in

Medford, Ore., home of the high-end food distributor Harry & David. In the span of about four hours, thousands of orders of Harry & David fruit, candy, truffles, cheesecake and other delectables are loaded onto the three aircraft to begin their journey to several strategically located UPS-operated Harry & David distribution centers. Then it's on to customers all over the world.

More than 90 percent of Harry & David orders made during the holidays reach customers within 24 hours, a percentage fairly unheard of in holiday shipping circles. Since using UPS, Harry & David has experienced far fewer customer service calls, product returns and holiday revenue adjustments. Because of UPS, Harry & David has been able to use technology as a strategic weapon to serve customers better.

Miracle in Mahwah

In Mahwah, N.J., UPS's World Technology Headquarters keeps the company's global systems running 24/7, every day of the year. The IBM mainframes (located in Mahwah and remotely in Atlanta, Ga.) process 27 million instructions a second, track 15 million packages each day, coordinate the operations of an entire airline, collect and distribute package data from 96,000 DIADs (Delivery Information Acquisition Devices) and connect 149,000 workstations through 8,700 servers.

From the Stone Age to the Digital Age

Nothing captures the UPS way of hanging back until the very last moment — and then going full tilt once it decides on the correct path — like its technology transformation. Today, convinced that exploiting new technologies is the key to any future growth of the package delivery business, UPS routinely invests about \$1 billion annually in customer-facing technology tools and internal technology processes.

In 1993, UPS introduced TotalTrack, the first nationwide cellular mobile data system, which instantly provided customers with tracking information for all air and ground packages. Now UPS provides WorldShip, a software application, free to UPS corporate clients, who then use it to track their shipments to customers.

One of UPS's strategies in the late 1990s was to become the preferred vendor for major Internet retailers like Amazon.com. UPS.com was set up in the Innoplex, a 230,000-square-foot dot.com-ish tech facility. By 2001, it was estimated that UPS was delivering more than half of all items ordered online in the United States. ■

For information on how UPS met a major technology challenge, go to: <http://my.summary.com>

The Ownership Company

The UPS emphasis on teamwork, a willingness to readily switch jobs or even career goals, an acceptance that being in management means picking up and moving every few years, the taboo against openly politicking to get one's way, the ability to think long term and not be consumed by immediate needs — these core values didn't blossom by accident.

The chain of imparting "ownership" means supervisors must hand it down to their teams, in the same way that generations of UPS drivers and package loaders have been entrusted with that sense of ownership.

A Culture of Ownership

Not all of UPS's 427,000 worldwide employees are technically "owners," and since the company became publicly traded in November 1999, about two-thirds of stock ownership resides outside the company.

The idea of employee ownership, however, goes well beyond possession of UPS stock. It's the singular UPS cultural brew of stick-to-itiveness, self-interest and shared identity that leads such an incredibly diverse group of individuals to seek common cause. The company has built an incredibly positive culture by emphasizing a highly democratic human resources recipe, one that virtually no other major global company has attempted.

Another key to the ownership company is that most UPS middle managers and senior managers started as drivers or part-time package handlers. When even the top managers of a company start at the bottom, it not only enables them to understand where the real work gets done, but it gives every employee the incentive to, as Jim Casey would have put it, "saw wood." From the very birth of the company, Casey nurtured an expansive, inclusive sense of ownership.

The Biggest IPO in History

On November 10, 1999, the fuselage of a Boeing 727 Brownail was parked outside the New York Stock Exchange and a huge UPS banner draped the entrance of the Exchange. Almost as soon as UPS CEO Jim Kelley rang the bell, the company's shares — which Morgan Stanley offered to the public at \$50 a share — started shooting up in value. The market was obviously excited by a company that had 92 years of financial performance behind it and experienced owner-managers running it.

On its first day as a public company, UPS shares went up to as high as \$70.31 before settling at \$68.25 at the end of the trading day. The IPO raised \$5.5 billion, a new record.

So, in the end, what is the definition of an ownership company? One might say it's a place where a hard

Better Than a Baseball Scholarship

Jeff Wafford, a high school baseball star, attended Maryville College in Knoxville, Tenn., on a sports scholarship. He didn't like the program and decided to transfer to the Metro-College program, which allowed him to take night classes at the University of Louisville (paid for by Metro-College) before heading over to Worldport to work the four-hour overnight shift.

Metro-College was created to attract students to UPS as part-time employees but also help them receive an education. Wafford was able to work nights, go to classes and receive full health benefits and credit toward a future pension.

Before long, he was managing other part-timers at UPS. Wafford currently works for UPS as a technical writer in Louisville and is one modern-day example of how UPS is a great place for people to become owners of both equity and their own futures.

worker of integrity can build an impressive nest egg. Another answer would be a highly disparate group of people of different backgrounds, educations and aspirations drawn to a culture of success. A third response would be that it's a place where many people just love to come to work. ■

Synchronizing Global Commerce, One Supply Chain at a Time

The ability of UPS to manage the transportation element of its customers' supply chain stems directly from the "stretching" of its core package delivery product and a century of transportation know-how. For UPS, integrating the transportation aspects with inventory has been a focus.

Building its supply chain business would turn out to be perhaps the most dramatic new strategic direction for the company since shifting from retail service to common carrier service in 1952. By 1999, UPS had revised its charter to change the company's mission for the first time in history, from serving customers' small package needs to enabling global commerce.

Enabling Global Commerce

Providing configurable solutions is the most natural of evolutions at UPS. After all, nearly a century ago, the placement of messenger boxes in Seattle taverns to save patrons a walk to the Western Union station certainly subtracted a step out of sending a message and was a way of moving "information" more efficiently.

Maybe it's the business world that is finally inventing

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Synchronizing Global Commerce, One Supply Chain at a Time

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terms for what UPS has been perfecting for a century. And perhaps another century from now, the business world will play catch up again and coin more phrases for what UPS is doing today: serving customers one-to-one. ■

One Company, One-to-One

Building an airline, developing a comprehensive global presence, transforming itself into a technology company, ramping up its logistics business — all these achievements over the past two decades have put UPS in an excellent position in 2007 to meet the many challenges of succeeding in other markets, especially in China. The question is whether the company can harness and organize all its services to treat the Chinese customer as if it's UPS's only one — the heart of the one-to-one vision.

A Bridge to Globalization

UPS, not surprisingly, plans on being a big part of the spread of goods to China's interior. Much in the same way that UPS spent much of the 20th century fighting regulatory battles in the United States to procure the rights to serve all 48 contiguous states, the company is primed for a similar challenge in China. To really create the kind of one-to-one customer intimacy in China that it enjoys in the United States, though, UPS needs to concentrate on four factors: increase its presence, improve its service quality and internal processes, keep improving training for all UPS employees in China and expand its sales force.

UPS is convinced that its strategy of combining its transportation services with a defined, configured set of supply chain solutions is the “sweet spot” for the company moving forward. Three factors allow UPS to successfully maintain its balance at the nexus of global trade: the ability to stay ahead of the prevailing wisdom about which markets will grow, the discipline to be prudent about investing precious resources and the responsibility to be a positive social force in those areas it does invest in.

The Future Evolution of the UPS Brand

The now iconic “What Can Brown Do for You?” advertising campaign was a very successful method of communicating a new UPS message to the public and, in a sense, was a way to articulate the one-to-one vision for a mass audience. Like most companies, UPS today thinks about how it will continue to grow in the future and how that

growth will affect its brand. But unlike most companies, UPS's broad capabilities and global reach means that it is able to consider a wide array of business opportunities.

In 2001, UPS acquired franchisor Mail Boxes Etc. Inc. and on April 7, 2003, more than 3,000 Mail Boxes Etc. locations in the United States chose to re-brand as The UPS Store. In 2004, the year after the branding change, Mail Boxes Etc. opened more than 500 new locations of The UPS Store in the United States — a record for the company, and particularly impressive for a nearly quarter-century franchise. The UPS Store, while used primarily by small businesses and individual consumers, offers another avenue for creative ways for UPS to serve its customers.

The next chapter of the UPS story remains unwritten, but if the past holds any clues for what is to come, a transformation will result in not only a changed company, but a stronger company — one that will retain the best of what has worked in the past and adapt to meet a changing business world. That resilience is a testament to its homegrown leadership and ability to execute, certainly, but also to the singular culture planted by founder Jim Casey so long ago. ■

Revealing the ‘Secret Sauce’ at UPS

You wonder to yourself if you've really figured out how UPS collectively achieves the miracle of delivering 15 million packages every day. There is not one key ingredient to UPS's success, but three. And these three values certainly aren't secrets.

It will come as no surprise to anyone who has ever received a UPS package that culture is the glue that holds the center at UPS. Customers also seek the results of UPS's ability to execute on such a massive scale every day. Perhaps the biggest surprise in the search for the “secret sauce” at UPS is the company's unlikely knack for transformation, particularly when most of us believe UPS has been doing essentially the same thing for a century. Simply put, transformation is in the company's DNA. And it keeps getting better at it. ■



If you liked *Driving Change*, you'll also like:

1. *The Starbucks Experience* by Joseph A. Michelli, Ph.D. Michelli gives his readers an in-depth look at the success strategy of this well-loved coffee house-styled company.
2. *Exceeding Customer Expectations* by Kirk Kazanjian. Kazanjian gives an in-depth look into the strategic management practices that have boosted Enterprise Rent-A-Car to the top of its industry.
3. *L.L.Bean* by Leon Gorman. CEO of L.L.Bean and grandson of the company founder, Gorman offers an inside look at the history of one of the United States' best-loved companies.

Change Elderly Driving Laws in Florida. We are trying to change public policy in order to shorten the renewal time on seniors drivers licenses. In the state of Florida, residents must renew their drivers' licenses every eight years, and once they hit the age of eighty, it goes down to five years. We feel that they should have to renew their license every four years once they reach the age of sixty-five. They should also be required to pass a vision, driving, and reflex test. Driving Change 2008 Supplier Responsibility Progress Report. Page 3 Executive Summary. Page 4 Expectations. Page 5. Audit Process Audit Methodology Key Performance Indicators. Page 6. Audit Results Follow-Up Audits Reveal Progress Component Supplier Audits Core Violations Additional Audit Findings.