Ups Essay, Research Paper

At 12:01 a.m. August 04,1997, 185,000 members of the International Brotherhood of

Teamsters, one of the largest and historically most powerful unions in the U.S., struck

against the United Parcel Service, the company which ships 80 percent of all packages in

the country. It was the first nationwide strike in the 90-year history of UPS, and involves

more workers than any strike in this decade. “It’s Our Contract, We’ll Fight for It” said

Teamster signs. It’s more than just a contract dispute, and what’s needed is a fight to win

this key labor battle. “We’re striking for every worker in America,” said a picketing UPS

driver in Atlanta. He’s right, and then some. All working people, minorities, immigrants

and every other oppressed sector in this country have a stake in this struggle. We must

prepare now to come out and defend the UPS strikers against the blows that the bosses

and their government are already preparing.

A 21-year UPS driver picketing outside the UPS Metro facility at 43rd Street in

Manhattan told The Internationalist: “this is a standoff between labor and

management–here it’s UPS, but it’s almost everywhere. The management at UPS looks at

us with contempt.” Deep-seated resentment against the highhanded UPS bosses and the

sheer power of the unionized work force make this a chance to turn the tide of the more

than two decades of defeats that the unions have suffered.

UPS was founded in 1907 by a 19-year-old Seattle teenager who employed a team

of boys to deliver luggage, parcels, and store purchases, UPS matched company growth

with innovation. The company pioneered the idea of “consolidated delivery,” which

streamlines performance by combining packages addressed to the same neighborhoods.

UPS introduced its service to the general public after World War II, and had its national

network in place by 1975. Its international network was set up soon after. In 1988, UPS

received approval to operate as an independent airline, and it is currently the nation’s

ninth-largest, even offering weekend charter flights.

Package delivery for retail stores became the company’s focus, and in 1913 Jim

merged with a competitor, Evert (”Mac”) McCabe, and the American Messenger

Company changed its name to Merchants Parcel Delivery. Charles W. (”Charlie”)

Soderstrom joined the firm and helped manage the company’s growing fleet of delivery

vehicles. During this period, the company also pioneered the concept of consolidated

delivery, combining packages addressed to a certain neighborhood onto one delivery

vehicle.

The company extended operations to Oakland, California, and later to Los

Angeles. In 1919, the name United Parcel Service was adopted. “United” because

shipments were consolidated, and “Service” because, as Charlie Soderstrom observed,

“Service is all we have to offer.” In 1929, the company opened United Air Express,

offering package delivery via airplane to major West Coast cities and as far inland as El

Paso, Texas. All UPS vehicles were painted the now-familiar Pullman railroad brown

color. By the 1930s, UPS provided delivery services in all major West Coast cities, with a

consolidated delivery service in the New York City area. The first mechanical system for

package sorting was developed, and a 180-foot-long conveyor belt was installed in Los

Angeles.

By the early 1950s it was clear that contract service to retail stores was limited and

UPS managers began looking for new opportunities. They decided to expand their

services by acquiring “common carrier” rights to deliver packages between all addresses,

for any customer, private or commercial. This decision placed UPS in direct competition

with the U.S. Postal Service.

In 1953, UPS resumed air service, offering two-day service to major cities on the

East and West coasts. The service, called UPS Blue Label Air, grew and in 1978 the

service was available in every state, including Alaska and Hawaii. To ensure dependability

during the time of federal deregulation of airlines, UPS began to assemble its own jet

cargo fleet, the largest in the industry. With growing demand for faster service, UPS

entered the overnight air delivery business, and, by 1985, UPS Next Day Air service was

available in 48 states and Puerto Rico. Alaska and Hawaii were added later. UPS entered a

new era with international air package and document service, linking the U.S. and six

European nations.

In 1988 UPS received authorization from the Federal Aviation Administration

(FAA) to operate its own aircraft, thus officially becoming an airline. UPS Airlines was the

fastest-growing airline in FAA history, formed in little more than one year with all the

necessary technology and support systems. In 1990, UPS introduced scheduled service to

Asia and Mexico with expanded air express service by jet, feeder or contract airlift to

more than 200 countries and territories. In 1997, UPS Airlines embarked on a unique

program to reconfigure five 727-100 cargo aircraft passenger planes and charter them to

cruise lines and travel groups. During the week, these planes fly packages throughout the

U.S., but on the weekends when they aren’t in use, the aircraft are converted to

comfortably accommodate 113 passengers with spacious seating, complete with overhead

storage bins, fully equipped galleys for hot meals and three lavatories. Today, UPS

Airlines is the ninth largest airline in North America.

In the 1980s UPS entered the international shipping market. Today, UPS operates

an international small package and document network in more than 200 countries and

territories, spanning both the Atlantic and Pacific oceans. With its international service,

UPS can reach over four billion people.

In the mid-1980s, UPS shifted its emphasis from an operations focus to a customer

needs focus. Today, UPS provides many customer solutions. One such example is UPS

OnLine Tools. UPS OnLine Tools are free Internet-based applications that allow

companies to embed UPS shipping functionality directly into their own Web site. This

offering allows UPS to achieve its goal of helping customers to enable global service. UPS

continues to expand its services by developing new categories of business. UPS Logistics,

developed in 1993, provides global supply chain management solutions and UPS

Worldwide Logistics provides consulting services based on the customer’s individual

needs. In 1995, UPS acquired a company called SonicAir, making UPS the first company

to offer same-day/ “next flight-out” service and guaranteed 8 a.m. overnight delivery. In

1998, UPS Capital was founded and its mission is to provide a comprehensive menu of

integrated financial products and services that enable companies to grow their business. In

February 2000, UPS formed UPS e-Ventures which is the research, development and

incubation arm of UPS e-commerce. The first company this new group is developing is

UPS e-Logistics. UPS e-Logistics plans to provide complete, end-to-end business

solutions for the rapid, low-cost launch of e-commerce startups

UPS believes its most valuable asset is loyal and capable people. The dedication of

UPS people is achieved through two long-standing company policies: employee ownership

and training. A commitment to life learning means being prepared for continuous formal

education and training. UPS invests more than $300 million dollars a year in employee

learning programs. Managers can take advantage of full-tuition reimbursement for

advanced degree programs that apply to their careers. Drivers go through extensive

training both in the classroom and on the road. This training is done to ensure efficiency

and to guarantee customer service and satisfaction. At UPS, every member of the senior

management team began their careers at the front lines of the company as package sorters,

drivers and administrative assistants. The idea is that you can’t manage a business unless

you know how it operates.

This company sounds like one that you would want to jump right in and work for.

They seem to be there for their employees. You ask yourself then, what brought on this

strike?

Union members were waiting for a contract but UPS could not meet their

requirements before the deadline, therefore a strike. The demands that the Teamsters

called for were, for more full-time workers; a company proposal to take over the workers’

pension plan; and proposals for improving workplace safety. The union wanted a large

number of part-time jobs converted into full-time positions, with full benefits in order to

provide more job security.

Why did UPS hire only part time emloyees? Of the 46,000 workers UPS had hired

between 1993- 1997, more than 80 percent were part-timers. The reason behind this type

of hiring , UPS says, is in order to keep up with its non-union competitors, it has been

forced to hire more part-time workers.

Fifteen days later, workers prepared to don their brown uniforms and return to

their jobs. The Union took the first step to ratify the settlement and to get a contract

signed. Among the major provisions of the tentative labor agreement between UPS and

Teamsters union were: the contract would be for 5 years, not the 2-3 year deal that the

Teamsters asked for. To change 10,000 part time jobs to full time jobs. This was a plus for

the teamsters since UPS wanted only 1,000. The Teamsters will still keep control of the

multie- employer pension plan that is solely for UPS workers. Pension Benifits will also

increase. Increased hourly wages by up to 36%, so over 5 years full- time workers wil gain

$3.10 an hour, with the top rate reaching $23 an hour. Part- time workers will gain $4.10

an hour with the top rate reaching $15 an hour, which is up from the $8 an hour before the

strike.

After the strike UPS hurried to rebuild its business and make up a $1 billion

shortfall in revenues. The 1999 year’s financial performance indicated that the company

seemed to be recovering spectacularly. However, the improved financial performance has

not necessarily meant improved employee relations. Negative effects of the walkout

remained, despite the management’s efforts. Empoyee moral is up but it was met with

claims of non- compliance to the agreement.

Drivers were still complaining bitterly to union officials and UPS management

about productivity demands (employee performance) and what they saw as a decline in

service. Many drivers felt the increased productivity levels since the strike were

unattainable, and there were reports of nervous breakdowns because of the pressure put

on drivers to produce. Management however, pointed to the company service index being

at its highest level ever while the company had cut back on service. As drivers urged the

company to choose between increased productivity or better service the response has been

“give us both, because you can’t be productive without good service.”

UPS management saw the union as “us-versus-them” and were not going to

engage in “win/win” strategies. They also reported that since the work stoppage they had

not had an inordinate increase in the number of calls to their toll-free business-conduct line

where employees could call in anonymously and report their feelings or any incidents.

There had been a record number of grievances since the strike due to petty harassment and

post-strike vindictiveness on the part of some supervisors claimed teamster Rand Wilson.

Some progress was being made, admitted by both sides, but lots of bad blood

remained. Supervisors were called upon to keep the business running during the strike,

and were subjected to harsh language and threats when they crossed the picket line to do

so. Even UPS drivers admitted that some very nasty things were said during the strike,

and there are still some sores there that are mending.

UPS hired consutants and they stated that employee morale was higher than ever

but, some union activists said that there was still widespread dissatisfaction. Somewhere

between the two, layed the truth. UPS handed out surveys which revealed that employees

felt wounded by the blows to the company’s reputation and problem areas surfaced around

improving communications. Conjugate that and it seemed to be that employees were still

proud to work for UPS, but needed positive reinforcement. Workers in the field were

reported to still respect the head people in the company, who came up through the ranks.

However, there were some workers who felt that top executives were out of touch with

the workers themselves.

Union leaders, activists, UPS leaders and supervisors all voiced optimism for the

future.While UPS looked to dismiss last year’s strike as a minor glitch, much of the

bitterness and anger lingered on. There seemed to be a trend of policy makers for both the

union and UPS management to downshift their relationships from collaborative to

confrontational and splits between the rank-and file workers and supervisors, as well as

workers and UPS itself are likely to increase. All in all, it seemed profits had increased,

and the dynamics of labor relationship at UPS were still looking for a degree of

stabilization and the Union had lost over $3.5 million a year in dues.

So where is UPS now? Since the strike they have gone public, selling 10% of its

stock on the New York Stock Exchange to the public, making it the second largest initial

public offering by an American company in history. Today, UPS is not just in the delivery

business, but in the customer satisfaction business, and customer needs will continue to be

the company’s driving force. The highest priorities for UPS over the next five years will

be: growing internationally, deploying technology that will allow UPS to continue

introducing new services; to electronically connect customers to UPS so even more

comprehensive information about shipments is available; to continue creation of new

services and solutions for customers that add value all along the supply chain, and, finally,

to move further into all three converging flows of commerce – the flow of goods,

information, and funds.

UPS has always been a good company since they first days of business in 1907.

They expanded tremedously. Even though have had their shares of setbacks, they still

remain strong and have succeeded through it. The strike hurt them the most and they have

overcome it to bring their company to the top. UPS is and always will be a household

name. I remember running out of the house to that oh- so- familar brown uniform and

truck when I was a kid and hopefully my kids will too.

Behr, Peter. “UPS Ready to Roll After 15-Day Strike Union Negotiators, Local Leaders

Vote Unanimously For Pact.” Washington Post 20 Aug. 1997: 1.

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