THE MARKETEER

Redefining delivery

UPS executives Terry Mix, Dan Kettleson, Mike Mahoney and Craig Anders forge a path into logistics management, supply chain networking and e-commerce.

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Redefining delivery

BY DAVID TURNER

UPS blazes trails in a new frontier.

UNITED PARCEL SERVICE, Inc. (UPS) has evolved into much more than a package delivery company. It has become a full-blown business facilitator in a rapidly changing, e-driven marketplace.

Although the shipping business remains at the core of UPS operations, the company is helping its customers find better ways to work in a new frontier of logistics management, supply chain networking and e-commerce. And so far, it is deep into new-economy territory that competitors are just beginning to enter.

Along with delivering packages, UPS also implements e-commerce technology-based solutions to help businesses with their day-to-day operations.

BUILDING E-BRIDGES

"What we're doing here with our customers is really building bridges between the physical and digital worlds," says Mike Mahoney, director of sales for UPS Minnesota. The 94-year-old company has recently taken a healthy lead over FedEx in the United States and several foreign markets by comprehensively integrating everyday package delivery with e-commerce. Aside from picking up and delivering packages, UPS provides technology-based solutions and consultation services to help businesses — from global corporations to mom-and-pops — streamline many aspects of their operations.

With just a single wave of a handheld scanner, a technician for National Semiconductor Corp. can create an automated chain of events that will guide a box of newly ordered computer chips from its Singapore warehouse — designed and built in consultation with UPS — to a Silicon Valley PC manufacturer within 12 hours.

UPS worked with Larson/Glastron boat manufacturing company in Little Falls, Minn., to implement a system that e-mails the purchasing department when incoming raw materials have been shipped. It helps the company coordinate manufacturing schedules more efficiently. The system also works in reverse, e-mailing dealers and other customers with tracking numbers and expected delivery dates of outgoing parts shipments. And when someone orders parts, the system generates a six-digit order number used by the shipping department to pull product, print the UPS label and send. "It's just a real timesaver, and our opportunity for error has very much decreased," says Bob Brastad, customer service manager for Larson/Glastron.

PAYING ATTENTION AND DEVISING SOLUTIONS

Brastad says that the attention UPS gave his company's overall situation and its willingness to devise solutions that go beyond the normal UPS core services sold him. "I don't think I've had too many other vendors come in and sit down and listen to the things that we're doing and where we want to go and then implement solutions that are going to help us," he says.

Others agree. "They listen to what I have to say and put that in the mix," says John Mickman, head of Mickman Brothers Inc. in Ham Lake, Minn. The dialog led UPS to help design, test and patent a container that would safely ship the fragile evergreen products that the small company sells through its fund-raising division each holiday season. "We came up with the best shipping container that I could imagine for Christmas wreaths," Mickman says.

Many businesses have also been able to integrate live UPS pricing and tracking information into their own Web sites. Mickman Brothers sends 30,000 packages per season but has only five telephone representatives. Having UPS on its Web site has been a great advancement for the company. The company can now answer questions online, instead of generating a customer call. "It eliminates a tremendous amount of telephone contact with my customer service people," says Mickman.

KEEPING COMMERCE FLOWING

UPS has had the vision to create an infrastructure capable of serving customers with an almost unlimited range of commerce needs. UPS focuses on the need to integrate three distinct flows of commerce. For the flow of goods, UPS powers up a distribution network of more than 500 aircraft and 100,000 vehicles to deliver more than 13.6 million packages each day. UPS Logistics uses high-tech tools to enhance a flow of information that deeply connects transportation and business processes. And UPS Capital Corp. provides a flow of funds coordinated with financial solutions, including asset-backed lending for receivables, leasing of office technology equipment and financing for domestic and international trade.

MAKING THE CONNECTION

Still, when all is said and done, business for UPS goes back to moving packages. Yet the way the company views its core competency may be the salient point that is winning it dominance in the marketplace. "We link 1.8 million sellers to 7 million buyers around the world," says Mahoney. "And our goal is to get them even more connected." ◆

POWERED BY TECHNOLOGY

The brown UPS trucks that have become icons in the shipping business run on gasoline or diesel, but the power that runs the company is technology.

- UPS has an extensive physical and technological infrastructure — including the largest private database and private wireless network in the world — to support e-commerce activities.
- Nearly 60,000 customers worldwide have implemented UPS Online Tools® in order to add functionality to their Web sites and improve their processes.
- UPS estimates it delivers more than 9 million packages worldwide through online activity each day.
- The company operates three Web sites – www.ups.com for customer self-service, www.ec.ups.com to offer businesses e-commerce solutions, and www.exchange.ups.com to allow businesses to electronically transfer critical documents in a secure, encrypted format.
- UPS e-commerce solutions cover procurement, order entry, PPS (pick, pack and ship), order inquiry, accounting and returns.
- The tech world has recognized the UPS Web presence with several awards. Most recent awards include:
  - Best in the Transportation industry on *Internet Week's* list of the top 100 e-businesses. (June 2001)
  - 10th in the *Internet Week* "Interactive 500" that ranks companies based on revenue generated from Web operations. UPS was the only transportation company in the top 10. (November 2000)
  - MIT eBusiness "Clicks and Mortar" award for advancement in integrating physical and online business practices. (April 2000)
  - British Telecom eBusiness Innovation Award and *Financial Times* Business Web Site of the Year. (November 1999)

UPS delivers more than 13.6 million packages each day.

(l-r) Dan Kettleson, e-commerce account manager; Craig Anders, e-commerce account manager; Terry Mix, e-commerce account supervisor; and Mike Mahoney, director of sales for Minnesota; bring sellers and buyers together throughout the world.

QUICK STATS

COMPANY:
United Parcel Service, Inc. (UPS)

TYPE OF BUSINESS:
Package delivery, logistics, e-commerce tools, consulting and financial services

ADDRESS:
International headquarters:
55 Glenlake Parkway
Atlanta, GA 30328

UPS Minnesota offices:
3312 Broadway St. NE
Minneapolis, MN 55413

YEARS IN BUSINESS:
United States since 1907, Minnesota since 1946

KEYS TO SUCCESS:
Helping customers improve business processes with e-commerce tools and supply chain solutions that encompass and extend well beyond package pickup and delivery

WHAT'S AHEAD:
Continued development of core package delivery business, e-commerce tools and supply chain solutions

CONTACT:
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www.ec.ups.com
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