

TIME FOR BUSINESS TO STEP UP

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Address by DAVID ABNEY,
Chief Executive Officer, UPS



Delivered at the Detroit Economic Club,
Detroit, Mich., Sept. 29, 2015

Thank you. Good afternoon. It's great to be at the Detroit Economic Club—in America's comeback city!

You know, across America, and I'm sure in other places too, we've been cheering on that comeback. So, before I say anything else, I want to say “congratulations” on the tremendous progress you've made. On the resilience and spirit you've exhibited. America needs a strong, vibrant and relevant Detroit—and once again, you are.

It's an honor to stand at the same podium where leaders of business, civil society and government have discussed world affairs from their unique vantage points. As we meet today, as valuable as different perspectives might be, there has never been a greater need to see the world through a common lens.

The reason is that we have never been subject to more world-changing forces—coming at us from more directions—and at greater speed. Everything from connecting technology to diminishing resources, from diverging demographics to the well-being of humanity. They all come together in a loud and insistent global demand for response.

There is an old saying: *Things that cannot continue, tend not to.* Around the world and right on our doorsteps, it's very clear. We simply cannot continue on our current unsustainable path.

But who will lead us on a *different* path.

Governments are cash-strapped and largely divided. Civil society has the motivation and information—but not the operational muscle. In ways

and to degrees unique in commerce, the job of leadership change now falls more squarely to business.

Business has the reach. It has the resources. Business is the center of gravity for innovation and for many new ideas. We have the big-project management skills. We have the commercial talent. And we clearly have our own incentives to create a world that is strong enough, fair enough and healthy enough to support our growth.

The question: Is business ready to step up? It's a question that confronts my company every day.

UPS moves 6 percent of U.S. GDP and 2 percent of global GDP through our network. We're a company that operates 100,000 vehicles and more than 500 aircraft.

We have 435,000 employees who live and work in 220 countries and territories.

We're a company with a significant global footprint that feels an obligation to customers, consumers and communities.

For us and for all business leaders, stepping up to the needs of a global society, starts with our ability to understand the forces that confront us. Let's take a look at several of the most pressing ones.

Environmental issues start with a changing planet that is threatening the health and well-being of generations to come. At the top of the list is climate change. Greenhouse gasses pose a serious threat to the environment and, ultimately, to the global economy.

We're also in an age of sweeping demographic change. We know that in many parts of the world, populations

are growing older. But particularly in emerging and developing economies, many populations are also growing younger. Will there be enough jobs to sustain this younger generation? Social stability in countries around the world hinges on the answer.

Demographics pose another concern, as a tide of people continue to flow into more condensed spaces.

For the first time, more than half of the world now lives in cities. By 2050, that will be two-thirds. The shift creates congestion and transportation challenges that affect quality of life and businesses like ours.

The cost of traffic congestion to UPS alone is \$105 million a year for every five minutes that drivers across our U.S. network are delayed. Clearly, infrastructure challenges need to be addressed.

And while I'm on the subject of action we need from governments, I'll mention the trade agreements now being negotiated. Enacting trade reforms would have wide-ranging benefits, but none more important than helping to lift the poor out of poverty.

According to UNICEF, more than 160 million malnourished children under the age of five suffer from stunted growth. Twenty-two thousand children die each day from starvation or other health issues caused by poverty.

History shows that nations that open their economies to trade become more prosperous over time. Liberalizing trade creates the supply and demand that prompts businesses to hire more employees, which in turn enables these workers to feed their families.

All of these forces coincide with another force reflected in this room today—the growing power of global business.

According to the Skoll World Forum, 51 of the world's 100 largest economies are now—businesses.

People see the potential of business every day. They see businesses innovating, changing—growing larger and more powerful.

So it's little surprise that many expect business—along with governments and civic organizations—to create a better world. But, what's in it for business? What's the return? Or, to put it more bluntly—who cares?

Conventional wisdom is that businesses must invest in sustainability because our stakeholders are watching. But when a respected survey by Havas Media and Accenture recently questioned 30,000 consumers in 20 countries, only a third said they consider sustainability when making a purchase.

The survey also showed a very interesting disconnect. Eighty-one percent of the CEOs questioned said they believe their company's reputation for sustainability is important to consumers in purchasing decisions.

I agree. Of course reputation matters. It matters more than ever. Sustainability is increasingly becoming one of the determining factors in many government contracts.

But clearly there is more work to do in understanding where and how reputation affects actual consumer decisions.

The next critical constituency is investors. Like many of you, I care about their opinions. Those opinions have come a long way from the days when economist Milton Friedman said, "The only social responsibility of business is to increase profits."

But does Wall Street really care what we do in building a sustainable business? Once, the answer was clear: Sustainability was laudable, but largely a side issue. Nice to have. But not critical. But there is evidence of a shift.

Our CFO considers sustainability a strategic imperative. And one that directly connects with a mandate to use resources wisely and to make sure the enterprise thrives for decades to come.

Morgan Stanley, Ernst & Young and PWC have all conducted studies that came down on the side of the value of sustainable investments. But I think most would agree that sustainability is still looking for traction in much of the investment community.

Employees are a third critical stakeholder in how we relate to the world.

In a competitive marketplace, we're all working to attract and retain the best talent. The surveys say it's all about meeting expectations for pay, opportunity and work / life balance. But respect for the company is moving up the list.

A Bain study recently asked who should take the lead in sustainability—employers, consumers, employees or governments? Employees gave the job to their employers.

So where does business go from here? I'll give you a little insight to what we're doing at UPS.

In every aspect of our business, we are committed to doing more to help our customers find more sustainable solutions. We're also committed to delivering packages more efficiently, creating more connections around the world and finding more ways to take action and give back.

Some have called this philosophy "shared value." Or "connected capitalism." Call it whatever you wish. The job now is to step up our efforts to build on that platform.

Many companies are leading by example. You see it in Coca-Cola's focus on water, the main ingredient in its products and a pressing global issue. You see it in Nestlé's focus on food availability and quality, a global concern as populations increase. You see it in Dow's focus on chemical innovation and safety, an issue that impacts the world on many levels.

At UPS, we have a great opportunity to bring the nature of our

business together with the needs of our communities. Our employees have taken up that mantle.

Last year we announced our commitment to 20 million volunteer hours of service by the end of the decade. Our volunteer work spreads the experience and passions of UPSers across the globe.

With our transportation and logistics expertise, we are often among the first organizations on the ground in places that have been hit the hardest.

Last year, we coordinated nearly 300 shipments across 43 countries affected by the Ebola epidemic, the Syrian refugee crisis and severe weather events in the Philippines and the U.S.

We're also concerned about safety in our communities. Nearly 7,000 teens graduated from our Road Code safe-driving program last year.

Our people make me proud to be a UPSer.

Capability and need also come together in specific communities, like right here in Detroit.

Several years ago, we were introduced to Wayne County Prosecutor Kym Worthy by our friends at Quicken Loans, one of our great customers here in Detroit. The Prosecutor's office had discovered that more than 11,000 sexual assault kits were sitting in police storage units. Some had been there for decades.

Working with Wayne County, and utilizing business process reengineering, we evaluated the chain of custody. Our folks recommended a number of steps and systems to maximize integrity, credibility and accountability.

Wayne County now has a more efficient and reliable way to track and monitor this evidence through the chain of custody. And I'm very pleased to say that thanks to the success here in Detroit, we will be helping municipalities across the nation spread this program to their communities.

Being in The Motor City, I also wanted to say a few things about

alternative fuels and electric vehicles. And ask this question: Who better to lead on this subject than a company like ours?

We operate one of the largest private alternative fuel and advanced technology fleets in the industry. It includes more than 5,500 vehicles—all-electrics, electric hybrids, hydraulic hybrids, propane, compressed natural gas, liquefied natural gas and bio methane.

Since 2000, our alternative fuel and advanced technology vehicles have travelled more than 500 million miles—halfway toward our goal of 1 billion miles by the end of 2017. Soon we will become the logistics industry's largest user of renewable natural gas vehicles.

We're also implementing ORION—a proprietary technology that maps out the most efficient routes for our drivers each day—is reducing fuel use and emissions. When fully deployed across our network in 2016, ORION will reduce the distance driven by our drivers by more than 100 million miles and save 10 million gallons of fuel every year. By 2020, we expect to reduce our carbon intensity by 20 percent.

Alternative fuels is an example of the first and most timely rule of sustainable progress. No one can go it alone. The innovation ecosystem must become interconnected—manufacturers, researchers, universities, non-profits and others.

We see the connection between capability and need in the actions of some of Detroit's leading companies. Companies like DTE Energy are helping to lead environmental progress while also moving to the forefront of Detroit's revitalization.

The company, which I'm proud to say is one of our customers, is investing in its natural gas infrastructure and retiring older and less-efficient coal-fired power plants. DTE is also on record saying it wants to be a force for growth and prosperity in the community.

It's putting money and action behind that commitment, as evidenced by its work to clean up and increase green space around its headquarters in western downtown.

You also see the business-community connection in the seeds of growth being planted in Tech Town, the 140 buildings using co-generation to generate electricity and useful heat at the same time.

And, of course, there is likely no better example of the connection of business opportunity and societal need than the auto industry's innovation in electric and hybrid vehicles—and overall fuel efficiency.

You see it across your great city and across this great nation—companies and organizations with very different aims—but all tied together by the shared needs of business and society.

We're all in the midst of a great step forward in the working and role of commerce and capitalism itself. Business stands at the center of humanity's response to a planet in trouble.

But in spite of all the progress made, we're just getting started. If you think about global need as an assembly line—something made popular in Detroit years ago—we're still working on the chassis. And we've still got the engine and the wheels and thousands of parts to go.

All of us—individually and in a new era of networked partnership—have a place on that line. And a job to do.

Thank you.

FROM WESTMINSTER TO “YESMINSTER”

“Yes” is that place that doesn't forsake the past but builds on it. It is place that's bold and forward looking. It's an affirmation that is not satisfied with things as they are, but strives towards creating things as they could be. “Yes” is a world that is empowering and liberating. It is a wonderful place where our distinguished and diverse pasts converge with the present and our future.

Address by BENJAMIN OLA AKANDE,
President, Westminster College



Delivered as Inaugural Address at Westminster College,
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Chairman of the Board of Trustees Hal Oakley, Your Excellency Governor Ajimobi, Chancellor Wrighton, members of the Board of Trustees, honored guests, faculty, representatives of America's universities and colleges, staff, students, Mom and Dad. With great pride, a sense of humility, and a call to service, I accept

the responsibility of the 21st President of Westminster College.

As I look around the room today, I appreciate that today marks a crossroad where challenge meets opportunity ... where history meets the future ... where people come together to accomplish great things—that no individual could have accomplished on his or her own.

“When nothing is sure, everything is possible.” With this quote, English novelist Margaret Drabble reminds us that a society in transition creates new possibilities. This concept seems particularly relevant for Westminster College in the year 2015.

We live in a time in which our world is rapidly shifting—a dichotomy

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