

Education in an Age of Globalization

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Thank you for that kind introduction and good evening, everyone.

It's a privilege to be here tonight, in the company of so many people who play an incredibly important role in the future development of our nation.

There is no issue more critical to our country's long-term competitiveness, health and well-being than the quality of our education system.

The world is changing.

Business is changing.

Our society is changing.

And, as you have made it clear -- the way we teach and nurture our future leaders must also change.

In times of extraordinary transformation, it's natural to feel that we're somewhat unique -- that we're experiencing changes no one else ever had to deal with.

While that's partly true, we should also take comfort in the fact that others before us experienced similar challenges as we face today and rose to meet them.

Washington, with the rich history that surrounds us here, is a great backdrop for such a discussion.

For instance, if you think back to what Abraham Lincoln and the Congress of 1860 were facing— it was remarkably similar to what we’re going through today.

And no, I’m not talking about the Civil War.

I’m talking about an often overlooked issue of that day: a transforming economy and jobs.

Then, sweeping economic change threatened a largely agricultural economy and a rural, insular way of life.

In quick succession, steamboat service was introduced. Scores of canals were constructed. Thousands of miles of railroad track were laid. And countless telegraph lines were strung throughout the nation.

It was a time of groundbreaking innovation.

Almost overnight, large numbers of what had been generally self-sufficient local economies found themselves caught up in a changing and expanding national economy.

Competition no longer came from the next town. It came from producers in many parts of the country, and even from industries abroad.

People began traveling farther and more often.

Yet, there was tension then, too. Economic growth was not a vertical line upward.

Financial crises occurred ... like the panic of 1857.

That produced sharp increases in unemployment... large numbers of bankruptcies... and runs on banks.

Not surprisingly, many resented the developments that led to this volatility.

Most Americans still thought of themselves primarily as Kansans or Kentuckians or Virginians. They identified with their states.

To many, the erosion of the economic boundaries separating communities and states ... and the increasing competition from other regions and Europe ... came as a big shock.

Protectionist pressures were strong.

In 1860, when Lincoln and a Republican Congress came to power ... the administration pushed forward four broad policies:

- Help Americans get a stake in their nation by increasing their opportunity to own property and establish businesses.
- Assign a role for government to support the economic, educational and technological changes taking hold at the time.
- Establish a transcontinental railroad.
- And realize that a period of turmoil, while potentially a barrier to reform, may also present a unique opportunity.

The rest, of course, is history:

- A collection of states became a nation.
- A climate for Americans to capitalize on innovation and emerging technologies was created. A rising class of entrepreneurs and property owners flourished.

The stage was set for the American economy to dominate the 20th century.

(PAUSE)

Ask an educator and they'll tell you that we can learn a lot from history. I've done a lot of asking over the years – my wife is a teacher.

Now, we must compete in a 21st century world economy.

And like what Lincoln promoted, it's going to take a multi-lateral approach, engaging every corner of society.

(PAUSE)

I've given a number of public speeches over the past several years that deal with global trade, business transformation and education.

You could say it's enlightened self interest to do so. After all, I work for a company that is entrenched in the global economy ... and has a lot riding on its continued development.

On any given day, about two percent of everything produced in the world is delivered in the back of those beautiful brown trucks you see rolling through the streets of your hometowns.

But this issue goes further than my professional interest. Much further.

As a father, citizen, and someone who cares deeply about global trade, global prosperity and global harmony, I feel it's our mission to help prepare people for a world that is coming closer together through trade.

That said, I applaud the work you folks are doing at the States Institute, and am heartened to see so much progress being made to advance international education in our schools.

I went to International-Ed-dot-org and counted no less than 20 states involved in programs ranging from:

- Student and teacher exchange programs with China
- New multi-language curricula
- International trade literacy
- Global communication technologies

- And the list goes.

It's clear to me that you are well on your way towards effectively changing the way we teach the next generations of Americans. But I also recognize from talking with many of you, that your work in many ways has just begun.

Don't feel alone. We're all in this together. Business. Government. Education. Parents. And students.

In the time remaining tonight, I think maybe the best value I could bring to you is to outline six specific traits we're looking for in future employees at UPS as we engage even further in world trade.

We need people who are:

- Trade literate
- Sensitive to foreign cultures
- Conversant in different languages
- Technology savvy
- Capable of managing complexity
- Ethical

These six traits have bearing on the kinds of education needed to bring people to the workplace who are equipped to succeed in the global economy.

And, by the way, while I'll use UPS examples, I don't speak just on behalf of our company tonight. Over the past few years, I've participated on a number of boards, committees and agencies – from the Business Roundtable to the President's Export Council to the U.S.-China Business Council. I spend a lot of time talking to fellow business and government leaders, and I can tell you that we're all very aligned in our thinking.

The same kind of thinking expressed by Melodie O’Hanlon, an English teacher at Berkeley Springs High School in West Virginia.

Listen to what Miss O’Hanlon says: “Understanding the true economic, social and political forces at work in the world is essential in solving problems on a local and global level.”

This gets to the heart of the first trait I’ll talk about – people who are global trade literate. In other words people who understand the basics of 21st century trade and economics.

One could argue – and I have over the years – that a major reason that the term “globalization” has come to mean a menacing force in the minds of many is that we haven’t done a good job promoting trade literacy in this nation.

The business community in particular.

Tom Friedman, a good friend of UPS and educators everywhere, recently wrote a column about this.

Tom contends America’s leading businesses and business leaders have been too quiet. While the opponents of globalism have been loud.

Last year, during the national elections, we even saw global trade cast as political wedge issue.

And that’s a shame.

Education, hopefully, will change that perception.

At UPS we’ve started a companywide initiative to teach an ongoing global trade curricula to every UPSer. We’re utilizing our employee web site, as well as one-to-one meetings with drivers, management discussions and other channels.

And we're also staging conferences around the world with people like Tom Friedman, Jimmy Carter, FW de Klerk, Vaclav Havel and George Bush Sr. to elevate discussion about global trade and supply chain issues.

As our business moves further into both of these areas – trade and supply chain -- we've seen a dramatic demand for people skilled in global trade jobs.

In fact, we've added over 20,000 supply chain jobs in the last five years.

The Wall Street Journal recently described supply chain professions as “the kind of high value work that international trade produces. Jobs that our nation needs right now to offset losses in other industries.”

The second trait we look for are people who are adaptable and sensitive to foreign cultures.

In 1976, I was among the first wave of American UPSers to work in our fledgling international operations. I was sent to Germany and it was an eye-opening experience.

Let's just say we weren't as cross-culturally astute as we are today. We've learned some lessons the hard way over the years.

During the build-up of our business in Europe, we were challenged with integrating 16 acquired companies.

The integration of those acquired companies into our organization was the biggest stumbling block to our international expansion.

Unfortunately, our first impulse then was to behave more like commandos instead of teachers, partners, and consultants.

Our attitude was often, "You stand over there and watch how we do this, then do it exactly the same way." In short, it was, "the UPS way or no way."

Well, that didn't work and our business suffered.

Things only got better when we found the right blend of UPS culture, capabilities, and local knowledge. We knew we had acquired valuable operations in valuable markets. Our job should be to make it better, not make it over.

When we focused our coaching into areas where significant improvement was needed and left the rest alone, things improved.

We learned that local employees lend more credibility to the local customer base because they understand the culture, language, legal system and business practices.

We learned that integrating acquired companies means balancing both parties' expectations, while creating a climate of trust, inclusion and cooperation.

People who are sensitive to foreign cultures will always have a home at UPS.

Part of that adaptability and sensitivity comes with the third trait we look for -- foreign language skills.

When I was a kid, growing up in Southern Indiana, I never thought about foreign languages. Now, it is essential to expose children to different languages and cultures.

Today, in American schools, one million students study French - a language spoken by 70 million people. Fewer than 50,000 American students study Chinese, a language spoken by more than a billion people.

During a recent trip to China, I heard an interesting statistic: There are more people learning to speak English in China right now than there are English speakers in the United States.

In very short order, the United States will become the third largest English speaking country – behind India and China.

At UPS we serve 200 countries and over 150 languages. We have web sites translated into 22 different languages.

Foreign language skills are essential to our business and will be even more so in the years ahead as we expand our footprint in Asia and the rest of the developing world.

One universal language that is vital to UPS is technology.

In fact, the fourth trait we look for in people to help us with our international business is technology skills.

Global technologies and usage patters greatly impact our lives and our businesses.

Think about the developing world ... while lacking in wired resources they actually have leapfrogged the Western world in wireless usage and application.

China today, for instance, adds five million new cellular customers every month.

And as you know, China and India are producing millions of bright new engineers, scientists, materials researchers, software developers and other technology professionals.

In the area of engineering alone, the U.S. ranks 17th in producing new talent.

As a Sputnik-inspired engineer myself, this concerns me. We have over 10,000 engineers at UPS and that demand will only increase in the coming years.

Technology is central to our mission at UPS of being able to serve every customer -- whether they're in Boston or Bangkok -- as if they're our only customer.

Without these kinds of capabilities it would be impossible to compete in a global economy. Customers demand more services and more responsiveness.

Technology is the great enabler.

Here's a simple example of how technology impacts just one area of UPS.

Six years ago during the Holiday season, we received 600,000 service calls - mostly tracking inquiries. The cost per call was \$2 dollars.

This year, those same inquiries are being handled over the Internet. By the end of the Holiday season, we will have handled more than 12 million of them that way, at about one cent per call.

Greater service for our customers at lower costs.

(PAUSE)

New technologies, new competitors and disruptive business models are accelerating at a furious pace – just look at the extraordinary rise of iPod, google, eBay and other “flatteners,” as Tom Friedman would call them.

These kinds of forces, compounded on a global level, are also why we look for people who can manage complexity and uncertainty.

This is the fifth trait we look for – people who can learn how to learn.

While information is much richer today – complexity and uncertainty have not abated. In fact, they've increased.

That's also why we want to make it possible for people to have six or more different jobs in the course of a career at UPS. In fact, we think it's the key to our management longevity, which we consider a distinct competitive advantage.

Today, the average UPS manager has been with the company over 16 years and has had at least six different assignments – many of them international-related assignments.

Being able to manage complexity ... and learning how to learn is a trait we will always value. One of the great attributes of a liberal arts education is preparing people to learn how to learn. So we absolutely believe that traditional liberal arts educations still have an important role to play in American society.

Another tradition that has never been more important to America as it engages in a global marketplace is ethical behavior ... which is the sixth trait we look for in our people.

Business integrity and diplomacy have been under the microscope in recent years. And that's too bad ... because the vast, vast majority of American business leaders, like educators, play an essential and honorable role every day of their lives.

Outside the U.S., widespread negative perceptions of our country still persist.

The business community can play a big role in fixing this tarnished image.

In fact, I believe we've entered an era where business diplomacy trumps political diplomacy.

The world has become so integrated economically that the vast majority of influence ... the greatest force that impacts the greatest number of lives internationally ... is business.

Our actions and our beliefs are not only shaping the perceptions of our companies abroad but they are forming impressions about our nation and the ideals for which it stands.

It's a huge responsibility – one we must manage with care and diligence.

I recently spoke at Bentley College up in Boston. Many of you are probably aware that Bentley pioneered the study of business ethics in American higher education. I applaud their work.

At the same, we need to make sure that those foundations of ethics are grounded in students long before they reach the collegiate level. Our schools, our families, our businesses and our communities all have roles to play in this regard.

At UPS all of our managers are certified each year on compliance and foreign business practice issues.

“Doing well by doing right” has been a philosophy that has served UPS well in our 98 years of business and will continue to.

(PAUSE)

Tonight, I’ve outlined six attributes that we look for in people who will help guide our company in an expanding global economy. People who will guide most American companies. People who are:

- trade literate
- sensitive to foreign cultures
- conversant in different languages
- technology savvy
- capable of managing complexity
- ethical

Everyone here tonight plays a big part in helping us not only attract the right people ... but in succeeding in this complex, challenging, invigorating and opportunity-rich world of change.

By promoting international education in our schools, you’re promoting America’s business interests ... social interests and cultural interests.

On behalf of all my fellow business leaders around the country, I want to thank you for all hard work and dedication you put into this most noble cause.

We need you. We value you. And we want to continue working closely with you in the years ahead.

Thank you again for your time and attention this evening.