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Internationalization of U.S. Education in the 21st Century.

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Internationalization of U.S. Education in the 21st Century.

Abstract:

April 12, 2014 - College of William & Mary - Williamsburg, VA: Kurt Kuehn, chief financial officer for UPS, spoke at the Coalition for International Education on the campus of William and Mary about the Internationalization of U.S. Education in the 21st Century. Kurt discusses what the world of business needs from institutions of higher education to compete on a global scale.

Good afternoon.

My thanks to William & Mary ...The Reves Center ... and The Coalition for International Education for inviting me to be a part of this event.

So far, you've heard many perspectives ... academic, government, security, philanthropic and others. I'll add the perspective of one of your end customers.

I represent a company that last year alone hired nearly 37,000 graduates of the American system of higher education.

I realize the needs of a for-profit business represent a narrow perch from which to discuss the challenges and benefits of international education.

But I can also argue it's a perspective that has never been more important.

Global business is a driver of economic growth ... employment ... innovation ... sustainable communities.

But I'm here to tell you that the expectations the world places on global business have never been higher ... both in our economic impact and our contribution to a world that is safer, healthier and more prosperous for everyone.

We understand the mandates placed on business ... to create the economic activity that raises living standards around the world, to consume less in the way of resources, and to create the innovations that make the world a more interesting place to live.

We understand that the younger you are, the higher these expectations are. Companies like ours can begin to meet those expectations with our scale, our reach and our efficiency.

But let me be very frank: Business can not meet these mandates ... we can not deliver the innovation ... the world requires ... nor the performance our stakeholders demand ... without your help.

The students who pass through your doors must have the ability to lead in a more complex, more volatile world ... one that is more interconnected than anything we would have imagined only a few years ago.

They must be able to hit the ground running with a greater understanding of the new global environment.

Put another way ... the soldiers who won the last war may not have the skills nor the training to win the next one.

There are two drivers of this new interconnection: information technology and empowered consumers.

Together, they are remaking the world. And as they work their incredible changes, they are causing both my business ... and your organizations ... to rethink our investment, our strategy ... and even our purpose.

It's true whether you're delivering packages ... or delivering knowledge.

In realigning with the forces of change, global competence is a powerful idea. But I think it starts from a more fundamental place – call it global *consciousness*.

In my view, global consciousness – you could call it *awareness* – is more than a mastery of international markets or even the intricacies of cultures.

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It's a sensibility ... an intuitive feel ... for our place in the world. And it's very different from the days when a handful of advanced nations wielded their position like a blunt instrument.

International education is where consciousness starts. But international experience is where it matures and begins to add value.

As we've progressed along that path, the term *global education* has become every bit as redundant as *global business*.

The twin powers of information technology and consumer choice are both driving ... and being driven by ... the megashifts that are transforming the world as we know it.

A billion people joined the middle class in the last decade. And a billion more are on the way.

The centers of economic power are shifting. You know about China. You know about India.

What many may not know is that 7 of the 10 fastest-growing economies in the world are in sub-Saharan Africa.

You've heard of the BRICs ... and the Asian Tigers. McKinsey has given this group a name ... The African Lions.

Global urbanization constitutes one of history's great human migrations.

In 1950, less than 30 percent of the world's population lived in cities. By 2025, the projection is that 60 percent of the world's population will live in cities.

People in *developed* nations are growing older. In many *developing* nations, they're growing younger.

Half the world is now under 30.

It's a demographic shift that raises important issues – issues ranging from social support for aging populations ... to the social unrest when too many young people are seeking too few jobs.

And that doesn't even consider that we don't know ... everything we don't know.

Only five or six years ago, we were debating the year the world would run out of oil ... and grumbling over being held hostage by parts of the world that didn't like us very much.

Who would have imagined that fracking would unleash enough natural gas in this country alone to last us 100 years?

Or that we could become a net energy *exporter*? Or that we could be energy independent in 15 years?

So what's next?

What is the technology that will change the next ten years? ... The Internet of Things? Nanotechnology? Genetics-based health care? 3-D printing?

It all constitutes a constant shift of global risk and potential.

And it underlines the modern maxim: increasing risks lead to unimaginable opportunity.

These aren't simply discussion points. They're action items. And they sit squarely in my court ... and in yours.

So we all have more work to do.

I would ask you to take an oar. Because we're both in the same boat.

For somebody like me – the keeper of the finances – they are as urgent and relevant as a healthy balance sheet.

And for a company like UPS, they are as urgent and relevant as the talent we attract and develop.

Our entire history has pointed us to the world we compete in today.

We were founded in 1907 as a messenger service ... starting with two teenagers, a bicycle and \$100 in borrowed money.

The advent of the telephone blew up our business model. So we had to re-invent ourselves.

Our founder Jim Casey then went to the major department stores in New York with a bold offer.

Give up your own delivery fleet and allow UPS to be your delivery agent. It was an early example of outsourcing.

And it filled a need: Retail shoppers either didn't own a car ... or if they did own a car, it was probably a Model T that didn't come with a trunk.

But after World War II ... cities gave way to suburbia. The downtown department stores gave way to suburban shopping centers with acres of free parking.

And cars by then came with trunks. Which meant shoppers didn't need home delivery anymore.

So we reinvented ourselves again ... delivering parcels for mail-order companies.

We reinvented ourselves again, beginning in 1986. ... During the height of the holiday season that year, a carrier we were using for our air express business kicked us off one of its aircraft because they needed the space for their own air cargo.

That experience taught us a lesson. In order to have complete control over the delivery of our customers' packages, we needed our own airline.

Within a year's time, we had 90 jet aircraft up and running. It was the largest and fastest airline startup in U.S. aviation history.

More recently, we've responded to globalization with global logistics and supply chain services.

We've also expanded our ocean, air and brokerage services to enable more efficient and less frustrating aspects of global commerce.

Along the way, we've learned some hard lessons. The first of those lessons were learned in West Germany, where we set up our first domestic operation outside of North America in 1975.

We had a lot to learn about operating in a different culture. We had to square the cultural norms in Germany with our business needs.

In Germany, it's the norm for men to have a beer at lunch. Which is fine unless you're a UPS driver who still has an afternoon of driving ahead.

We also discovered that in Germany, people tend to spend their lives in one city – which makes it harder to convince our managers to relocate to fill a need elsewhere.

Whether you're UPS ... or a university ... it's easy to become wedded to a business model that has worked so well for so long.

Time ... and a deeper appreciation of local cultures has taught us many valuable lessons since those early days.

The biggest is that what we knew yesterday is up for grabs. And the only certainty is that our world keeps changing in unpredictable ways.

It's the job of business to keep moving forward. I submit it's the job of education to go hand in hand with us on that quest.

Today ... UPS looks at the world from the perspective of the world's largest package delivery company. Two percent of global GDP passes through our system every day.

We manage the flow of goods, funds and information in more than 220 countries and territories.

We have close to 400,000 employees worldwide who move 16 .5 million packages and documents every day for almost 9 million customers.

That adds up to more than 4 billion deliveries each year.

And we have become a leading global supplier of transportation and logistics services.

What does all that mean for you, for educators tasked with the massive responsibility of preparing future generations?

It means that we need the products of your wisdom and experience to help us navigate a brave new world.

Of course, I'm speaking from a UPS perspective, but I think leaders of most globally conscious businesses would tell you the same thing.

Fortified with that kind of talent, business can unleash untold innovation and competitive swagger.

So I'll volley it back to you. To supply that talent, you're faced with new challenges and subjected to new forces of change. At the top of the list is the new education consumer.

As in virtually all consumer-facing businesses, the sellers have ceded control to the buyers. Power has moved from the center to the edge. In that respect, I see a lot of similarities between your business and mine.

In the sense of leveraging new tools and meeting new expectations ... UPS and higher education are in the same business. We're both trying to find better ways to *deliver*.

Our role is to help retailers create omni-channel capability – supporting the need for retailers

to be there when, where and how consumers want to connect.

That means giving them the ability to ship direct from a store – or ship an item from another store if one is out of stock.

It means taking the complications out of returns – which has gone from a competitive advantage to an expectation.

It means recreating retail as a showroom – where your measurements can be taken in 3-D ... and your order arrives the next day.

The conversation often leads academics to the subject of distance learning.

Distance learning could disrupt bricks and mortar *education* ... just as online shopping disrupted bricks and mortar retail.

The jury continues to deliberate whether MOOCs and other digital innovations are a fad ... an adjunct ... or a frontal assault on the paradigms.

But they are certainly raising questions. Those questions extend all the way to the value of even having a formal degree.

But history tells us that as ideas become simpler, more affordable and more accessible, they can have industry-changing – even world-changing – impact.

When universities like Harvard, MIT, Stanford and Yale partner with start-ups like Coursera, Udacity and EdX to create a new learning model, there is fundamental change afoot. The final answer will come by vote of the education consumer.

As I said, information technology makes all things possible. Consumers know the possibilities, and they want to be able to choose from all of them.

That demands that higher education ... a system fundamentally designed to meet the needs of the industrial revolution ... remake itself around the new realities it faces.

I wouldn't ordinarily speak with such confidence about somebody else's industry.

But based on my years at UPS ... and from my seat on the board of the Council of Independent Colleges, I've seen higher education face the same realities that our customers in the retail industry have faced..

We've seen the high price of underestimating disruption. Just ask the people who owned video stores, or produced the yellow pages or ran newspapers.

Retail disruption occurs not over just *what* consumers choose to buy, but *how* they choose to buy.

U.S. retail e-commerce spending was just over \$83 billion in 2005 -- and is expected to hit \$370 billion by 2017.

Those figures get the attention of a retail industry mainly created around getting consumers to travel to their locations to pick from goods they decided to display.

And it gets the attention of a company positioned to get those online goods where they're supposed to go. And also to return them.

We're evolving at full speed to a world of borderless retail.

That means giving retailers omni-channel capability to meet consumers when they want ... how they want ... and the way they want.

Let me give you a couple of examples.

We built our retail business largely by signing contracts with big retailers.

But for all the reasons I've been discussing, we realized we also needed to build a direct relationship with the end-consumer.

One way was to put delivery in their hands ... literally. Because even with all our technology and services, consumers were still on *our* schedule.

But a new service called UPS My Choice puts us on *their* schedule.

UPS My Choice is available on the UPS smartphone app that alerts you to every UPS package coming to your home.

It allows you to authorize the release of a package online ... tell us where to leave it ... redirect the package to a neighbor ... deliver it at a certain time.

We've learned a similar lesson in France, where consumers don't like someone ringing their doorbell at night to deliver a package.

But in France – by law, our drivers have to keep trying to make the delivery. We're not allowed to put those sticky notes on the door saying we've tried, but now you need to go to another location to pick up your package.

So we acquired a company in Europe called Kiala, which had the cool idea years ago to set up storefronts where people can stop by to retrieve packages on their walk home from work.

We're in different businesses, you and I. But let's discuss what a business like mine needs from institutions like yours.

Of course ... we want to see people with the basics of smarts and the ability to commit to something bigger than themselves.

We need students who excel at critical thinking ... problem solvers.... independent thinkers who also understand teamwork.

We need global thinkers with an abiding curiosity about people and places unseen.

These are people who want to know how the world works. They understand that a world hungry for the best ideas values diversity over uniformity.

They want to find the connections. They want to understand how something happening half a world away can impact something happening to a customer down the street.

They need to understand the benefits of global exploration ... how to source and sift solutions and ideas from all parts of the world.

They need the intellectual humility to accept that good things are "not always invented here."

It's not just discovering and embracing the best ideas regardless of where they happen to be ... it's also driving them quickly through the system.

The biggest threat to that kind of innovation discovery and acceleration is that we become a prisoner of our perceptions.

It's an easy trap when you're part of a large – and consistently successful – company like mine. I think that's as true for a country as it is for a company.

For the better part of a century the U.S. was the main source of new and better. In most cases if it was good, it probably *was* invented here.

The Japanese knocked the legs out from under our smug assumptions when they showed the world a better way of making cars.

By most rankings, we are still the world's most powerful engine of global innovation. But unlike most of the past century, there are other engines.

Every year, Bloomberg publishes its Innovation Quotient, based on measures like R&D, researcher concentration, and patent activity.

The U.S. came in #3 in the latest rankings ... behind South Korea and Sweden ... and ahead of Japan and Germany.

China, in case you're wondering, finished number 25. But who doubts that will change?

It's not that we're losing in the innovation race ... it's that we no longer own the competition.

Today, the U.S. accounts for 27 percent of global GDP. As other countries grow faster, by 2050 the U.S. will represent just 19 percent of the global economy.

There's also something very interesting going on in these emerging countries. They're innovating and the world is buying their goods.

It's a phenomenon known as "*reverse innovation*."

We've come to expect the future to be invented in Silicon Valley or New York. Not Bangladesh or Jakarta. But just the reverse is happening.

In the global arena of ideas, other companies can compete, and they can win.

Here's one more thing you can help us with: We need communicators.

If there is one complaint you hear consistently about the bright young talent coming into our organizations, it's that they can write an algorithm, but they can't write a letter.

We need people who are not only technologically literate in how to communicate ... but also expressively literate in *what* they communicate.

That's important because ... in an age of collaboration ... communication is the force that brings the parts together.

Communication focuses them on a shared future, and gets them moving in the same direction.

A big plus is the ability to speak a foreign language ... a focus, of course, of this conference.

You can debate what learning a language adds to your lifetime earnings.

But when I see a U.S. job candidate who speaks more than one language, I see someone

who had the foresight and determination to put in the extra hours.

I also see someone who sees the importance of making those global connections I spoke of.

I'll close with a thought or two on an issue critical to our shared future.

That is educating a generation of leaders who understand the meaning of the phrase: *global economy*.

Leaders who understand that trying to solve problems by building walls around an economy exacerbates, not facilitates.

Trade works. And it works on multiple levels. A fair and functional system of global trade is the single greatest hope for a better world.

In the past two decades, trade has lifted billions out of poverty.

It's spurred the incredible gains of emerging and developing nations.

It's allowed small- and medium-sized businesses to compete in a global arena.

The WTO estimates that if we would cut trade barriers by a third, we could boost the global economy by an extra \$613 billion.

It's amazing that something so powerful can remain so vulnerable.

I talked earlier about America's coming energy independence ... very good news.

But there is also a risk that independence will come at the price of interaction ... fueling sentiment that we can afford to disengage.

We need a new generation of leaders who understand the cost of political expediency.

We need leaders who can rise high above the protectionist debates to see the realities – the *inevabilities*-- of an interconnected world.

We need people who pursue the benefits of globalization without forgetting that 2.7 billion people around the world struggle to live on less than \$2 a day ... and that in many countries, the gap between rich and poor is growing.

Former UN Secretary General Kofi Annan once said that "arguing against globalization is like arguing against the laws of gravity."

That's true. The best and the worst of its impacts are simply facts of life.

The only question: How do we manage them?

The only *answer* I see is leadership that understands that global possibility and risk are very personal issues.

We must all adjust to the fact that wherever we are, whatever we do, our day is shaped by events a world away.

Those events defy the former barriers of time zones, borders and cultures.

They defy all the past assumptions about the protections of competitive advantage.

They demand that each of us looks beyond our jobs, organizations and nations ... to see the interconnected world as it is ... and to build skills that make us part of its amazing possibilities.

That starts with education.

And an appreciation for business' need for globally aware students.

It starts with a system that understands the power of information, and aligns with the power of consumer choice.

It starts with a willingness to take on fundamental change in one of history's oldest, most entrenched and most successful intuitions. One that has outlived both companies and governments alike. One that has shaped our progress ... and is key to our aspirations.

We need your help. We understand it's a big job.

We also know you're the only ones capable of doing it.

On behalf of all of us at a company whose future depends on the talent you produce, thank you for the incredible work you do ... and the critically important change you are pursuing. Thank you.

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