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Whenever I receive a call to talk to groups about what I do for UPS it still amazes me that people actually want to hear me talk. What is really amazing about this invitation is that someone heard me at the MORS conference last year and recommended me to speak at this conference. After attending the MORS conference I realized there are many, many parallels between whom and how the military recruits and whom and how UPS recruits. We share some of the same challenges and we share the same "battlefield" --- 18- to 21-year-olds.

To give you an idea of the size and scope of the operation that I manage in Louisville, let me review some numbers. I found it interesting that the military "hires" about 167,000 people per year. In 1999, company wide, UPS hired about that exact same number (160,000). Granted, our jobs are mostly part-time, but for comparison purposes, UPS and the military deal with about the same number of people per year.

Last year, the "Draft Terms of Reference" for the MORS conference stated that:

The military services are currently experiencing difficulty recruiting and retaining adequate numbers of quality enlisted people necessary to meet operational requirements. Recent recruiting efforts have not met goals and military personnel are opting to leave the military at rates higher than is required to maintain adequate end strength.

Guess what: UPS has the exact same problem. Last year we were turning over people at a rate that was higher than 50 percent. The average time of service for a new hire was less than six weeks. Like the military, UPS realizes that we must reverse this trend. It not only is costing us a tremendous amount of dollars; it is affecting our ability to serve our customers.

This is not a problem that has "ambushed" UPS. It has hit some of our operations earlier than others, but for the most part, all of our major operations in metropolitan areas are having this challenge.

The staffing challenge did not arrive in Louisville until about six years ago. When UPS opened the national air hub in 1981, we initially had 150 part-time jobs that paid \$8.00 per hour. We had over 5,000 people apply. In 1993 I spent only \$1,000 on advertising. That paid for one display ad in the local Sunday paper. So my advertising cost per hire was about 19 cents. In 1998 I spent close to \$350,000 on advertising. That paid for newspaper, radio, TV, billboards, etc. So five years later, my advertising cost per hire was about \$48.50.

What happened? A number of things --- economic development, low employment, and changing demographics. Since 1981 the Metropolitan Statistical Area (MSA) of Louisville has only grown 40,000 people. The largest county, Jefferson, which is the county in which the air hub is located, lost 9,000 people. The work force population (ages 15-74) is projected by the Census Bureau to grow nationally by 28.4 percent between 1980 and 2010. In comparison, Kentucky will only grow by 7.6 percent. Additionally, the growth will be in the mature work force, ages

35 to 64, with a decline in our younger work force (ages 15 to 34). The reason I lose sleep over those statistics is because 75 percent of the people UPS interviewed at the Employment Center last year were between the ages of 18 and 34. There is another reason for my lack of sleep. We expect our operation in Louisville to grow to at least 20,000+ people over the next three to five years. We currently have 18,000 employees in the Louisville area; about 60 percent are part time.

Some additional numbers:

- In 1970, 47 percent of Kentucky's population was under 25 years old. By 1990, that figure had dropped to 37 percent. Projections for 2010 suggest the number will drop to 32 percent.
- The population growth in the entire state of Kentucky between 1980 and 1990 was only 26,114. That is less than one percent growth.
- The state ranks 49<sup>th</sup> in the nation in fertility, and our birth numbers continue to fall. (West Virginia is 50<sup>th</sup>.)
- Between the years 1970 and 1990 the number of people between the ages of 15 and 24 in Jefferson County fell by 28,036. That is a decrease of 23.5 percent. The number is projected to decline an additional 6.1 percent by the year 2010.
- Only eight of Kentucky's 120 counties experienced growth in their population aged 0-17 during the 1980s.

This is not good news to a company, like UPS, that relies heavily on a large part time workforce that is mostly made up of people 18- to 24-years-old. Last year, we hired about 6,500 people for our airport operation. So here is what I am up against in Louisville. I have to hire for one of the largest UPS operations. I am recruiting from an area that is losing population. The unemployment rate is less than 3 percent. We have more jobs than people. (You could make a lot of money in Louisville selling "Now Hiring" signs *if* you could find someone to make them and sell them.) We are turning over people at a rate of almost 50 percent and they are leaving after only six weeks.

And my job is in the middle of the night --- hot in the summer, cold in the winter --- and it is a very production-oriented environment. You have to hustle to keep up. The other thing about Louisville that makes my job more interesting is the fact that *if* we can't pull the airplanes out of Louisville on time it could affect EVERY UPS delivery driver in the *world* --- no pressure there!

One more thing that I lay awake nights about.... In March of 1998, UPS announced the largest expansion in the company's history. It will cost over one billion dollars and create 6,000 new jobs. It will take an existing building that is already over a million square feet under one roof and make it a building that will be over three million square feet under one roof. Guess where that expansion is happening --- Louisville. What we have is a multifaceted problem that will need a multifaceted solution. There is not one "golden bullet" out there that will fix the entire problem.

When we made the announcement about our expansion I was interviewed by the media. One of the questions I was asked was, Where are you going to find all those people? My reply was, “The days of hiring 100 people from one source are gone. We now must hire 20 people from 5 different sources *but* we must be prepared to deal with the challenges those folks bring to the table.” Deaf, mature, “moonlighters,” flexible schedules, etc. The days of “Go ahead and let them quit --- we can make more!” are also gone.

The days of one approach to recruiting are gone. I feel that it is not about recruiting anymore --- it is about marketing. I try to explain to my internal customers that the current recruiting and employment process is more like a manufacturing and marketing process. They are producing the product that I must sell – a job. Any attribute they can add to that “product” or job makes it easier to market. It is difficult to sell a “product” that nobody wants because they can get a better “product” at another company.

It is equally important to point out to the folks in the “manufacturing” side of the business if they produce a product with defects it just makes the marketing that much tougher. So what the hell am I talking about? Our job must be an “irresistible offer” --- we must beat everyone else’s deal or product. It is not just about pay and benefits, it is also about treatment and working conditions; it is about quality-of-life issues, it is about making quitting *not an option* --- because if they quit there are stiff consequences.

We all have heard the saying “If you build it they will come.” Well, that might be true --- they might come but if the place does not meet their needs, they will not stay. We must be able to produce a product they *cannot* get anywhere else. We must “one up” every company in Louisville. It is a “dog eat dog” world out there, and we must have the biggest dog. Can you believe that an HR guy is sounding like this? My Marine training has served me well!

When I sit in monthly review meetings with my internal customers, these are the kinds of things I hear:

“Do we need to advertise more?”

“What about billboards?”

“Do you spend enough time on campus?”

“Have you ever thought of recruiting at the high schools?”

“I never hear our commercials on the radio.”

I once had a rather spirited conversation with the VP of HR. She stopped me in the hall and told me that the operations folks are really concerned about my department’s ability to staff the air operation. In my opinion, they were trying to lay the blame at my feet. My reply was along the lines of “We are not the problem. We are certainly part of the solution, but we are not the problem.”

We do not have an employment problem in Louisville, we have a retention problem. There are many times when I am down at the airport department that managers will stop me and say “I am 20 people down. When can I get their replacements?” I so badly want to say, “What happened to the 120 I hired for you last month?” But being the good former Marine that I am, I just salute smartly and charge up the hill.

Hiring for my operation is like shoveling water with a pitchfork --- you just can't get ahead. So what have we done? We have come up with an "irresistible offer." We call it our "UPS Delivers Education" program. It has two major components. The first is Metropolitan College, which is a joint venture among the University of Louisville, Jefferson Community College, Jefferson Technical College, and UPS. It provides students with a tuition-free post-secondary education and a good-paying part-time job with benefits. Classes are held at times that accommodate students' work schedules. It was part of an incentive package that was given to UPS by the state of Kentucky so we would expand our operation in Louisville. In a nutshell, if a person works for UPS in Louisville, Kentucky on our midnight operation and attends the University of Louisville, Jefferson Community College, or Jefferson Technical College (note there is a four-year, two-year, and tech school to choose from), we will pay:

- 100 percent of their tuition;
- Up to \$65 for each book;
- \$1,200 per year for campus housing;
- \$2,900 in bonuses paid out over 12 months; and
- A credit line of \$2,000 a year for four years, with deferred repayment.

They start at \$8.50 per hour and will work about 18-20 hours per week --- that is about \$8,000 per year in income. So, that is an "irresistible offer." But wait, there is more. There are more than three colleges in Louisville, Kentucky. If they do not attend one of those three schools in the Metro College program, we still have some educational assistance available. We call it our "Earn and Learn" program. If you attend either a two-year or four-year approved post-secondary institution, we will pay:

- \$1,500 per semester for books and tuition (with a \$3,000 per year limit);
- Just like Metro College, loans of up to \$2,000 a year for four years (with eventual repayment); and
- The \$2,900 bonus.

That program is available in 33 sites around the country, mostly metro areas like Chicago, Dallas, Columbus, Atlanta, and Nashville.

Why did we do it? We had to --- we were getting our butts kicked to the curb.

I want to strongly emphasize that this program is both a recruiting tool and a retention tool. It is very much "an irresistible offer" for any college student. Just think about it --- attend a decent school and graduate with ZERO student loans. How can you turn that down?

A few other points . . .

We do a lot of recruiting at high schools. We do so much that we are on first-name bases with the cafeteria ladies. We also do a tremendous amount of recruiting on college campuses. If they awarded degrees based on the number of visits on campus I would have a Ph.D. We attend every public function that we can, events like church picnics, street festivals, concerts, flea markets. I would come to your house for a barbecue to recruit if you would invite me!

But some of those events are not always about recruiting --- they are about image. We help freshmen move in to their dorms, and we co-host an ice cream social with the university president. We need to make sure people perceive UPS as a great place to work, a place that they would let their kids work.

We also realize we have two targeted segments:

- The applicant, which is that 18- to 24-year-old person that wants to attend college.
- The “Influencer” --- parents, coaches, and counselors.

Another word of caution: one thing I worried about when we arrived at our “irresistible offer” is that my operations folks would “take their eye off the ball.” What I mean is --- there is not *one* solution out there. We must continue with *all other* retention efforts.

I told you there were parallels between UPS and the military. When I go to job fairs I hate being near the military recruiter’s booth. I always feel like he is looking at me and saying, “If I grab him from behind and stick a knife up in his ribs . . . .”

Is Metro College working? Yes.

- 2,100 people this semester -- double the number in 1999
- Turnover rate of 10-15 percent instead of 35-45 percent
- Interest is high --- people are calling us

A few parting comments if time permits: part of my preparation for the conference was to go onto the Internet and do a little research. I found some interesting stuff. I caught myself nodding my head when I read the phrase, “We have a GI Bill without the GI.” It, of course, referred to the fact that there is so much financial aid and grant money available. At the MORS conference if I heard it once I heard it a dozen times, “The Duty, Honor, and Country approach doesn’t work anymore.” I unfortunately agree with that --- it is a shame. I read a lot of articles that keep referring to the YATS study. It shows that a lot of our youth consider the military the last stop on the career train. Anytime I am in a school, I tell kids my story. When I came home from the MORS conference, I set a goal to do what I could to help my military recruiting partners. We are looking into a way that we could take our UPS college money and couple it up with the GI Bill money to see if we could make an irresistible offer for a recently released Marine, sailor, soldier, or airman.