

Why did ups make a deal with clean energy



**ASSIGN
BUSTER**

UPS Corporation is the largest delivery company in the world. In the company decided to purchase a new fleet of trucks powered by natural gas. The new fleet is schedule to be used in the Las Vegas Nevada region. Due to the new acquisition the company needed a supplier for natural gas for its fleet. The best supplier the company found was Clean Energy Fuel Corporation. UPS and Clean Energy Fuels sign a seven year contract to supply UPS with all the natural gas it needs for its fleet. One of the advantages of the deal was that Clean Energy Fuels was going to design, build, and operate a natural gas fueling station to be used by the UPS fleet (Oc180news, 2011). UPS was very motivated by the deal due to the fact that the deal enabled the company to comply with its strategic goal of reducing its carbon footprint and dependence on petroleum. Another advantage of this eco-friendly fleet is that it reduces maintenance and operating costs. The strategy can be used by the company to improve its public relations. One of the expectations of the shareholders and other stakeholders of the company is for UPS to become an environmentally friendly company. The emissions released by vehicles that utilized gasoline is one of the major causes for air pollution and global warming. This project can be utilized as a test run to determine if the company should continue to switch its fleet of trucks to more eco-friendly vehicles such as trucks powered by natural gas. Clean Energy Fuels benefited a lot by the deal evidenced by the fact that the price of its common rose by 10. 1% after the deal was announced (Casacchia, 2011). The multi-million dollar contract Clean Energy Fuels sign with UPS will increase the firm's revenues substantially in the following seven years. The contract sign with Clean Energy Fuels is allowing UPS to comply with its strategic goal of being socially responsible firm. Corporate

<https://assignbuster.com/why-did-ups-make-a-deal-with-clean-energy/>

social responsibility has become a critical success factor in the 21st century. It can be defined as continuing commitment by business to behave ethically and contribute to the economic development while improving the quality of life of the workforce and their families as well as the community and society at large (Baker). The use of a corporate social responsibility strategy helps the environment; while at the same time improve the reputation of UPS. The switch to natural gas can help UPS because the prices of gasoline are very volatile right now. The price of gas is expected to reach \$4 a gallon by the summer of 2011 and the long term projections speculate that the barrel of crude oil might reach \$200 by the summer of 2012. The new fleet of natural gas trucks UPS purchased will not be impacted by the rising costs of petroleum. References Baker, M. Corporate Social Responsibility - What Does it Mean? Retrieved March 26, 2011 from <http://www.mallenbaker.net/csr/definition.php> Casacchia, C. (2011). Clean Energy Sees Shares Jump on UPS Deal. Retrieved March 22, 2011 from <http://www.ocbj.com/news/2011/feb/22/clean-energy-sees-shares-jump-ups-deal/> Oc180news. com (2011). Seal Beach Based Clean Energy Inks Major Contract with UPS. Retrieved March 22, 2011 from http://www.oc180news.com/article/West_Orange_County_Features/West_OC_Business_and_Jobs/Seal_Beach_Based_Clean_Energy_Inks_Major_Contract_With_UPS/19878