



Franchisees Explain Why They Are Suing UPS

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NEW YORK CITY — A group of Mail Boxes Etc. franchisees who have refused through the years to convert to The UPS Store business model have put together a three-minute slideshow on YouTube to tell their side of the story. Joe Wightman, a New York City-based Mail Boxes Etc. franchisee of some 17 years, hopes the media will watch it and understand the franchise issues surrounding an upcoming trial.

His beef? He thinks that after buying Mail Boxes Etc. in 2001, United Parcel Service saddled the then-existing 3,400 Mail Boxes Etc. franchisees with a new and unproven parcel delivery and copy shop business, now called The UPS Store. Most converted.

But Wightman and other franchise owner-operators are saying that the new business is far removed from their signed franchise contracts of operating a mailbox rental store. Worse, they say that they are not allowed to continue under the profitable old system. The franchisor is forcing all into the expensive new business.

Critics of the franchisor say it is sort of like having franchisees sign an agreement for a pretzel shop, only to find that their franchisor later insists that owner-operators can only continue if they invest to convert to car dealerships.

Wightman, a spokesman for the Platinum Shield Association, a group of 141 franchisees involved in a lawsuit against UPS, writes to Blue MauMau: "Mail Boxes Etc franchisees that refused to switch to the failed UPS Store business model have been in litigation against UPS for seven years."

San Diego-based The UPS Store was contacted by Blue MauMau, but had not responded by the time this went to press. However, the media kit from the franchising firm emphasizes that Entrepreneur magazine still ranks Mail Boxes Etc./The UPS Store network as #1 in 2010's annual "Franchise 500" postal and business service category. That is for the 20th consecutive year.

Wightman disagrees and thinks that information to the contrary is already making an appearance.

Wightman asks, "Why are they [franchisor The UPS Store] afraid of this story? Perhaps they are aware that they would have to answer unfortunate questions like why did they suppress the Boston Consulting Group report?"

What Wightman is referring to is a 2006 BCG report that was prepared for United Parcel Service on the financial health of The UPS Store franchises and how to improve. The franchisor insisted to Blue MauMau that it didn't know anything about such a report. But the report showed up as evidence during court hearings. The BCG feasibility report, estimated as costing \$3 million, showed that 77 percent of The UPS Store franchises were operating at "either an at risk or worse status."

"It is time for UPS to come clean," declares Wightman in anticipation of the upcoming jury trial. "We finally have a date for a jury trial on April 26 in LA Superior Court," he says. "To date the analog media has shown virtually no interest in this David and Goliath battle, so we are turning to the Internet."

More News to Know

Postal Service Advances 5-Day MARCH 22, 2010 // *Washington Business*

The U.S. Postal Service is moving forward with a plan to reduce mail delivery to five days a week.

The Postal Service Board of Governors Wednesday approved management's request to cut most Saturday deliveries and with a request for an advisory opinion with the Postal Regulatory Commission on March 22. Any change in delivery would also require Congressional approval.

In advancing the five-day plan, Postal Service vice president Sam Pulcrano outlined some of the details:

- Street delivery and blue box collection would be eliminated on Saturdays.
- Express Mail service would continue seven days a week.
- Post offices currently open on Saturdays would remain open.
- PO Box accessibility would continue.
- Bulk mail and drop shipments would continue to be accepted at facilities currently open.

If implemented, Pulcrano told the board that estimated annual savings would be \$3.1 billion.

Pulcrano said a task force has spent several months seeking input and refining the proposal, and conducted market research that proved consistent with national polls showing support for eliminating Saturday delivery.

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