

# Leadership style assignment

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Introduction Fred Smith started FedEx in the early 1970s, only two years removed from service in Vietnam in the Marine Corps. Still the leader of the company today, Smith has built one of the world's most successful logistics firm on leadership principles derived from his experiences in the Marines. These principles have become incorporated in FedEx's corporate philosophy, organizational culture and its organizational structure. This style has allowed the company to deliver a high-consistency level of service and strong returns to investors. Leadership Style

Former Marine Fred Smith has based his own personal leadership style at FedEx on the principles derived from his experiences in the Marine Corps (Smith, 2010). Smith has incorporated many of his personal leadership lessons into the FedEx Leadership Institute, where the firm's managers are trained. Smith has noted that those trained in the military will immediately recognize many of the principles that are taught at the FedEx Leadership Institute as being familiar from their military training. The influence of the military has lead to a strong hierarchical leadership style with centralized command structures at FedEx.

The company makes most major decisions at its Memphis headquarters and then disseminates these decisions to regional managers for implementation. The company even makes a strong emphasis on hiring ex-military in order because they tend to be a better cultural fit with the hierarchical management structure. The company believes that veterans are “ team players and have great leadership skills”, which makes them well-suited for the company's organizational culture and generally a good fit for the leadership style that Fred Smith has created (Epstein, 1998).

Armed with thousands of ex-military in the management ranks, FedEx has built an organizational structure that emphasizes centralized decision-making and reliance on local managers to lead the employees, a structure similar to what is found in the military. The centralized structure allows for decision implementation to take place in a coherent manner, essential for a company wherein thousands of geographically isolated operating units must work in tight coordination with one another to facilitate overnight delivery of goods around the world.

FedEx has a nine-point system which is used to evaluate leadership potential among its employees. These points are charisma, individual consideration, intellectual stimulation, courage, dependability, flexibility, integrity, judgment and respect for others (Row, 1998). The company views these values as being central to strong transactional leadership. Changes to FedEx's business model are few and far between at this point in the company's existence. The bulk of economic value derives from executing the same transactions repeatedly, day after day.

The values do incorporate, however, a couple of aspects of transformational leadership, particularly the emphasis on individual consideration and intellectual stimulation, which the company identifies as the ability to improve the abilities and thought processes of fellow employees. Advantages and Disadvantages The transactional leadership style that FedEx emphasizes has several advantages. First, it facilitates day-to-day excellence in operations. This emphasis on short-term operational excellence allows the company to execute millions of individual transactions each day with a low error rate (MindTools. om, 2010). The transactional leadership style also has <https://assignbuster.com/leadership-style-assignment-essay-samples-3/>

the benefit of allowing the firm to improve its profitability over time by making efficiency improvements. This has value for firms such as FedEx that are operating in industries that are based on large volumes of low-value transactions, in which minor improvements can lead to significant cost savings when spread out over millions of transactions. The transactional leadership style developed is based on the hypothesis that followers are motivated through a system of rewards and punishment.

The transactional leader's follower relationship is one of quid pro quo – or this for that. If the follower does something good, they will be rewarded. . In addition, this style of leadership is ideal for companies that are in mature industries, where growth is slow and competition strong. In such industries, success is usually defined by tight cost control rather than by growth initiatives or new product introductions, and this fits the current situation at FedEx. There are some disadvantages to the transactional leadership style, however.

This style is often considered to be inferior in times of crisis when strong transformation of the business is required. Should FedEx's core business move beyond the “ cash cow” stage of maturity, the company may lack the vision to radically transform itself (for example, if jet fuel costs become too high to offer overnight courier service profitably). The company has succeeded thus far with its leadership style in part because it has had the same leader for its entire history ??? the ability of FedEx to develop transformational leaders has not yet been tested.

In addition, the company has been able to utilize their current business model profitably since the years following its inception, and there has been no crisis that threatened this cash flow significantly.

### 5 Ways To Successfully Implement Transactional Leadership

1. Transactional leaders must understand what motivates their employees.
2. Ensure employees understand the reward system and how they can achieve the rewards.
3. Ensure that both reward and punishment systems are in place and are consistently exercised.
4. Provide constructive feedback throughout the work process.
5. Ensure that rewards and recognition are provided in a timely manner.

That said, FedEx does have within its leadership style the ability to make changes quickly. With a single transformational leader at the top of the organizational chart, FedEx can quickly disseminate changes throughout the organization via its thousands of strong military-style leaders. This may help the company to transform itself in a reactionary manner, but does not address the ability of the company to transform itself in a proactive manner.

Transformational leadership can sometimes fall into the trap of only reacting to the need to change, rather than anticipating it (no author, 2010). One of the difficulties that has emerged with respect to the FedEx leadership style is the ability of management to integrate its style with the leadership styles at other firms. For example when FedEx took over Kinko's there were significant differences between the two firms with respect to organizational culture.

This made the integration of Kinko's into FedEx difficult from a leadership perspective, and the move eventually was made to bring Kinko's entirely into the FedEx fold as FedEx Office, moving out the former Kinko's leadership and

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restructuring the Kinko's organizational culture in the process (Palmeri, 2008). Conclusion Overall, the military-influenced transactional leadership style of Fred Smith at FedEx has been highly effective in helping the company build itself into a world leader, in part because it has a significant level of fit with both the nature of the firm's business and its place in the product life cycle.

The company does a strong job of supporting this leadership style by recruiting from the military and incorporating military leadership techniques into its proprietary training institutions. The major weakness of this approach is that FedEx may not be prepared to deal with significant changes ??? although it has the tools to address such changes there is little evidence that the firm has developed strong transformational leaders that can spearhead significant changes. Works Cited: Smith, F. (2010). What the Marine Corps taught me can be seen every day in FedEx.

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