

Essay on fedex corporation

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FedEx Corporation is a company that has grown from a small company to a global organization since its initiation in 1973. The company has been investing in IT systems since its inception and many changes have been seen all through. Its mission has always been based on providing superior and quality service to its customers everywhere. When Internet services were introduced in the year 1994, FedEx took this opportunity to improve its standards of service to the customers and also to improve its comparative advantage over other companies.

Installation of the Internet helped FedEx to have data access in its information systems and this was the one factor that would make FedEx an e-business. All through the years, FedEx has been investing in infrastructure and this is what has made it to be a multi-national supply-chain management company. In its efforts to stay on top of its competitors, FedEx has always tried to reorganize its groups and through this they were able to have more customers simply because they provided better services.

Porter's Five Forces Analysis FedEx Corporation has been a company that has been able to keep up with the any new trend in technology and this is why it so much qualifies as an e-business. FedEx is a company that can be analyzed through the Porter's Five Forces simply because it is an industry just like all the other companies and what it provides will certainly determine its market position at all time. Threat of new entrants into the market is one of the problems that FedEx might face.

Since it is an established company with a global identity and image, the threat is not considered as something that can pull down the company. This is because the services that it provides are expensive to maintain and thus

small emerging company may not keep up with its pace and thus there are not threats posed by new entrants into the transportation market. Start up costs for a parcel industry are high and a new industry cannot just enter the market and start offering services that are up to the standards of FedEx and other companies that are big competitors in the market.

According to Porter's bargaining power of suppliers force, FedEx is faced by this problem to a large extent because it has to provide superior and quality services to the customers and therefore its suppliers or channels of reaching to them is expensive. Supplies for things such as planes and computers are expensive and if the corporation does not have a good relation with the suppliers of such things, the cost may increase every now and then and FedEx would be in a bad situation.

The bargaining power of suppliers may also be a danger in the position of the company since there might be only one supplier for a particular product and thus this makes them want more. FedEx Corporation, being a multi-national company, may conquer this force since it would be more advantageous for the suppliers to work with it because of its identity and the fact that their services will be in use for a long time to come. FedEx Corporation provides the best delivery services globally but it is also possible for other companies to provide substitutes that can be used for the same purpose.

Therefore, the threat of substitutes is one major problem that the company would face in its market position. Customers may switch from one company to another or from one product to another easily depending on how they find it convenient for their usage. These customers may also compare the relations of the companies and decide which one to use. Therefore, FedEx

could continue making its services more attractive and of quality and also ensure that it sustains its good relations with the customers so that any substitutes in the market would not pose as competition for them.

Another force that could affect the transformation of the company into an e-business is the bargaining power of buyers. Customers also have a right to bargain for lower or fair prices and therefore they can choose to switch from one company to another according to their preferences and what they are being offered. FedEx Corporation should always make sure that its customers are happy with what they are offered and this should be a cost problem because the biggest problem that can happen to the company is losing a customer rather than losing some few coins just to keep the customers.

It is therefore very important for FedEx Corporation to know that the bargaining power of the buyer or customers should always be put into consideration if the company has to fulfill its mission. Porter's intensity of rivalry force is also another point that should be put into consideration in FedEx's mission. Other companies are also providing the services provided by FedEx and their competition should be based on the elements of speed, efficiency and pricing. These are the three elements that will bring rivalry into the parcel industry since they will be competing in effort to achieve the largest number of customers.

If FedEx continues providing its services in respect of the above elements, it is then possible that the company will remain on top of the market and thus it will gain the greatest market share. Rivalry is a factor that exists in every market and how you perceive it will determine how long you will survive in

the market. Porter's Value Chain Techniques The utilization of the Value chain techniques by any organization is a process that can yield great benefits in the immediate or future prosperity. Porter pointed out that value chain process is a key to “ creating and sustaining superior performance” (Porter 1998).

FedEx Corporation should first identify its primary activities in all its production process. The inbound logistics at the company would include: receiving of products form suppliers, their storage and the distribution of these products within the company. The activities under operations in FedEx are: shipping of products such as parcels, the logistics involved in shipping, handling and checking of customer orders, analysis of the financial stability, and the value chain analysis of all the activities.

Another primary activity is the outbound logistics, which involve the delivery of services and product and receiving of payment. The marketing and sales activities involve the development of a good image of he company that will make people satisfied and happy. Service is also another primary activity that FedEx should put into consideration as it involves the satisfaction of the customers and this may include fast delivery of parcels or even follow up of shipping to make sure that it reaches the intended customer.

Under the value chain techniques we also have the support activities and in FedEx Corporation the activities include the procurement department that makes all the purchases of the company. Another important support activity is that of technology development whereby the company invests in systems innovation and the research and development of information technology (Lynch 2006). FedEx Corporation also has a human resource function which

carries out activities such as recruitment, transfer, compensation and development of all the manpower that is used in provision of expertise services.

The other support activity that is very important in the function ability of a company is the firm's infrastructure. FedEx Corporation incorporates this activity in functions such as planning, accounting, national rules and regulations that govern provision of products and services and the general management of the company (Porter 1998). FedEx Corporation should ensure that it uses value adding techniques and processes so that it can achieve its goals and mission. FedEx Corporation – 1973-2000: CORE COMPETENCIES

FedEx Corporation is a company that has shown tremendous growth since its inception in the year 1973. First and foremost, the success of the company was previously predicted by its vision “satisfying worldwide demand for fast, time-definite, reliable distribution” (Farhoomand 2004). William Conley, the Vice President of FedEx Logistics, is also a fundamental contributor to the success of the company through his vision “if we are all operating in a day-to-day environment, we're thinking one to two years out.

Fred's thinking five, ten, fifteen years out” (Farhoomand 2004). During its initiation, it only had one competitor and that is UPS. This was quite advantageous since with one competitor in the market it was easy to establish company and thus FedEx Corporation grew at a faster rate. Business started to pick up in the late 1970s as regulations that governed air cargo were revisited and thus there were deregulations that caused the

rapid growth of the company. Due to these changes, FedEx was able to use large aircrafts such as the Boeing 727s (Farhoomand 2004).

FedEx Corporation was given permission to provide its services to the whole of the United States in the year 1983 and thus its maturity phase started in the 1980s when it entered into merges and acquisition of international companies. In 1984, FedEx began delivering its services to Europe and Asia, which gave way into other worldwide countries. It was after this year that the company initiated a regular flight to Europe. In the year 1988, the company started delivering direct services into Japan.

With the initiation of the flight services to these countries, FedEx's image continued growing and improving and thus its growth increased rapidly in the 1980s (Farhoomand 2004). FedEx's first acquisition was of the Tiger International, Inc in the year 1989. The company acquired the Flying Tigers Network and the "expertise in international airfreight" of Tiger Inc and thus FedEx became the "world's largest full-service, all-cargo airline" (Farhoomand 2004). With this acquisition, the company also gained access to 21 countries and a fleet of Boeing 747 and 727 aircraft (Farhoomand 2004).

In 1994, FedEx's evolution was through the change of its previous name, which was Federal Express to FedEx. Customers easily recognized this name, as it was a short form of the previous one. The name later changed in the year 2000 to the current name FedEx Express. In 1995, FedEx acquired authority to operate in China through the Evergreen International Airlines. After being given this authority, FedEx became United States largest and sole transportation and an all-cargo company with access to many places in

the world (Farhoomand 2004). Advantages and Disadvantages of International Trade to FedEx Corporation

Every company that undertakes international trade is always faced by some advantages and disadvantages, and FedEx is not an exception. To FedEx Corporation, international trade enhances its competitiveness in the country as it deals foreign countries apart from its mother country. The company also benefits from foreign trade because it always receives higher profits because of increased sales. FedEx has gained its global market share because it is a superior company all over the world. The company is able to extend its market and therefore it does not depend on the existing markets.

The company can acquire new technology from other countries and this means that FedEx has greater chances of development and expansion. Being a multi-national company, FedEx is able to stabilize the market fluctuations and therefore it ensures that there are stable prices all through out the world. There are also disadvantages that FedEx Corporation may face during its activities in the foreign trade. Being a parcel and transportation industry, there should always be a strategy of modifying their products and services, and thus they have to be ahead of all other competitive companies so that it can stay on top of the market for a long period.

Sometimes FedEx Corporation may not be able to have good relations with its customers due to the long distance involved between the suppliers and the buyers. As an international company, there is need for staff to be fluent in international companies so that they can communicate efficiently with the customers. Many documents are supposed to be processed before any international shipment is done and therefore this is a difficulty that FedEx

may encounter in its activities. FedEx Corporation is always faced by certain risks and therefore this is covered through insurance, which in turn increases the cost of production.

There might be restrictions imposed by the government on what goods to import or export and therefore this might make FedEx lose some of its anticipated profits at a certain period. Approaches to Strategy Many people have had different approaches of strategic management and how you perceive it is how you understand it. According to Whittington (2001), he categorized strategic into four approaches, classical, evolutionary, processual and systematic (Whittington 2001). The classical approach involves the “deliberate calculation and analysis designed to maximize long term advantage” (Whittington 2001).

This strategy offered an insight into FedEx’s vision that Fred Smith (the founder of FedEx) believed that the company would stay in the market for as long as possible. It is through this vision, “satisfying worldwide demand for fast, time-definite, reliable distribution” that FedEx Corporation has grown strategically up to where it is now (Farhoomand 2004). Fred’s vision of the company was a “wish-driven strategy” that has borne fruits since the initiation of FedEx. The company’s mission also gives an insight into the type of strategy it uses:

“FedEx will produce superior financial returns for shareholders by providing high value-added supply chain, transportation, business and related information services through focused operating companies. Customer requirements will be met in the highest quality manner appropriate to each market segment served. FedEx will strive to develop mutually rewarding

relationships with its employees, partners and suppliers. Safety will be the first consideration in all operations. Corporate activities will be conducted to the highest ethical and professional standards. ” (http://about.fedex.com/our_company/)

In the evolutionary approach to strategy, Whittington suggests that the customers or the market it what decides the position or the strategic transformation of the company (Whittington 2001). This approach entails the struggle for survival by all organizations and not any type of analysis of the position of the firm. In FedEx’s case, its mission is very clear on what it does to survive in the market. It gives an insight of how they handle their customers by ensuring that there is good relationship while delivering their services.

The company also ensures that its employees are satisfied in their work and thus eliminates the staffing problems other companies may encounter. The company also considers safety precaution as a method of survival since all its operations are guarded with at most care and precaution. The values at the company also offer an insight of the evolutionary approach as it endeavors to do all the things that it can to stay on top of the global market. The company values its customers, service delivery, innovation, integrity, responsibility and loyalty.

Through these values, the market judges whether to operate with the company and thus the market makes the important choices rather than the managers of the company (Whittington 2001). Therefore, FedEx Corporation has employed the two approaches (evolutionary and classical) in its activities so that it can gain the anticipated strategic transformation over years and years. The evolutionary theory seems more appropriate to me since FedEx is

an multi-national company that should ensure that the market is satisfied with its services.

All its plans and evaluation methods should be based on its image, which will eventually bear benefits. A high standard of the services provided to the customers will surely attract more and more customers and thus raise the market demand. The company should have value for its employees since these are the people that make its plan happen and therefore their efforts should be rewarded accordingly to serve as a motivational factor. With an organized and good relating workforce, the market will definitely choose FedEx over other companies and thus the company will acquire comparative advantage.

In the processual school of thought, is strategy that incorporates the elements of learning and adaptation (Whittington 2001). This approach is similar to the evolutionary approach in that it does not put value into long-term benefits but the only difference is that this approach does not leave the market to make choices since it implies that the market is always in a mess and confusion (Whittington 2001). According to Stacey (1996), any decision-making and control process always has four loops which are; the rational, the overt politics, the covert politics and the culture and cognition.

Stacey believes that any organization should have over-rational thinking in its decision-making process. The four loops have implications according to the processual school of thought. In the overt and covert politics, strategy is believed to be the product of political compromise and not profit-maximization calculation (Stacey 1996). In the culture and cognition loop,

processual school of thought has put into belief that any choices made are governed by norms and routines of the company and also of its customers.

Therefore in the case of FedEx Corporation, the choices that the managers may make should always be governed by the existing norms and routines. In the rational loop, Stacey (1996) believes that companies should use rational thinking and in FedEx, all its decisions may be over rationalized so that the company can fulfill its mission. All the strategies can be used even if they are wrong as they give confidence to all companies. Therefore, FedEx Corporation could employ any strategies in its activities as long as every event is monitored.

When implementing strategies, the best steps to take are small ones so that mistakes are avoided in every event. FedEx Corporation should use its core competencies in acquiring competitive and comparative advantages in the market and therefore, all its strategies should be carried out based on the internal situation rather than the market. Being an international company, all that FedEx can do to prosper is follow a strategy that fits its profile.

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