

# Description about fedex corporation commerce essay



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For this group assignment, we are to research on title: Case study of established business organization. We have chosen FedEx Corporation as the organization as our main reference. There are 6 main parts of the assignment.

First part is a brief description about FedEx Corporation's background and history, the type of business and what products or services they provide. We will also mention on the competitors of FedEx's business and describe the managing structure of the organization including history of company CEO. Second part of the assignment is to identify the organization's vision, mission, objectives and goals. Their strategies and actions taken to achieve the four points are also included. Next part which is the third part, we had explain in more detail about the organizational structure of FedEx. The three levels of management which is top management, middle management and first-line management are elaborated with their individual roles, how they work and strategies for the company. In part 4, we identify the motivation practice use in the organization explaining it through Maslow's hierarchy of needs. It describes the five levels of needs to apply to employees in the organization to give motivation for better performance. Part 5 of the assignment talks about the control methods used for FedEx's corporation to achieve a good organization performance. We have elaborated on the behavior control which three mechanisms are direct supervision, management by objectives and rules and SOPs used by the organization. Last but not least is the ethics and social responsibility of FedEx's Corporation. We have explained on the moral right rule and utilitarian rule

for ethics part. Where else for social welfare, we mention about scholarship, sponsorship and help in reducing pollution by the company.

## **Part 1**

### **Description of organization and the type of business ownership**

For this assignment, our group has chosen logistic services as the type of business. After some research, we decided to take FedEx Corporation as the company for our research. Fred Smith, the founder of FedEx started the company in 1971. FDX Corporation was created in 1998 and later on became FedEx Corporation in January 2000. FedEx is headquartered in Memphis, Tennessee. The company operates in four segments: FedEx Express, FedEx Ground, FedEx Freight, and FedEx Services. FedEx Express is currently the world's number one providing express logistics worldwide. This segment offers various shipping services for the delivery of packages and freight. It also provides international trade services specializing in customs brokerage, and ocean and air freight forwarding services, customs clearance services, as well as global trade data, an information tool that allows customers to track and manage imports and international trade advisory services, including assistance with the customs-trade partnership against terrorism program, as well as publishes customs duty and tax information in various customs areas. In addition, it offers supply chain solutions, including critical inventory logistics, transportation management, and temperature-controlled transportation services. Over 32 million unique visitors visit fedex.com monthly. There is more than 6.5 million package tracking requests daily and more than 20 million packages shipped via FedEx Ship Manager monthly.

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FedEx delivers about 9 million packages daily to more than 220 countries and states from about 2, 000 FedEx Office shops. FedEx has a workforce of more than 300, 000 team members worldwide. The company currently owns roughly more than 58, 000 motor vehicles and trailers and about 690 aircraft. FedEx Ground provides small-package ground delivery in North America, and less-than-truckload (LTL) carrier FedEx Freight hauls larger shipments.

FedEx is a corporation which provides logistics services. The corporation has many parties cooperating with authority to act and have liability apart from its owners.

## **Type of Services FedEx Sell**

FedEx is a logistics shipping Services Company, it provides a wide range of transportation services and they accommodate to the widest range of shipments, and send parcels to more than 80 countries in the world.

There are few main types of services in FedEx Corporation.

### **FedEx Express**

This is the original overnight courier who is having the next-day delivery in the United State and time-definite international service. This is mostly for individuals or companies who are selling products to consumers locally and internationally. FedEx Express will transfer the items from the sender to the recipient in a short lead time given, 3 - 5 days, by charging a premium cost.

### **FedEx Ground**

FedEx Ground offers day-definite service delivery with transits times supported within Canada and the United States at a lower cost as compared to time-definite FedEx Express and by a money-back guarantee. It uses trucks which are owned by the independent owners and drivers who control individual delivery routes and territories. With this they provide effective services, day-definite service with transit times supported by a money-back guarantee.

FedEx Freight

**FedEx Freight is the second larger market leader in providing less-than-truckload (LTL) freight services across all lengths of haul. LTL Service is between small-package and full-truckload carriers, there's a class of freight shipping known as less-than-truckload. It is about shipping larger items such as tires, cartons, reels and so on.**

FedEx Custom Critical

FedEx Custom Critical delivers from expedited surface and air services to temperature control and increased security. They specialize in same-day and overnight delivery of critical freight. The cost is higher compared with the FedEx Express, nevertheless, senders will choose this instead of normal service for the safe purpose. FedEx Custom Critical providing the fastest, door-to-door same-day and next-day delivery of urgent freight, valuable items and hazardous goods. FedEx Custom Critical meets the needs of a variety of customers in various markets and industries. The flexibility of their services enables each group to customize their solutions based on their specific needs.

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## FedEx Trade Networks

FedEx Trade Networks helps simplify international shipping for customers of all sizes by providing flexible end-to-end services that include customs brokerage, global cargo distribution and trade facilitation solutions.

Customers can utilize FedEx Trade Networks services as an entire package, or take advantage of individual services as needed. It normally use by customers who in Business-2-Business industry, with transporting a huge amount of items in a large box or a cargo.

## Competitors

In the similar industry, FedEx faces several multinational courier service companies, such as Dalsey, Hillblom and Lynn (DHL), United Parcel Service (UPS), TnT and so on. They are competing to ship individuals and companies' packages; especially businesses that's higher volume will create a higher profit. As brands, the companies have had to differentiate themselves through their advertising to try to reach the target market and the service as a competitive advantage.

### DHL

DHL is capable of delivering to virtually all business addresses in Germany before noon, which makes us the leader in this segment. They are now also active in the major economic hubs in the area of time-critical express shipments. In the USA, DHL is systematically working toward honoring its brand promise of supreme customer satisfaction.

### UPS

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UPS competes with a variety of international operators, including Canada post, Royal Mail, Japan post, India post and so on. Historically, the bulk of UPS' competition came from inexpensive ground-based delivery services. But in 1998 FedEx expanded into the ground parcel delivery market by acquiring RPS (originally Roadway Package System) and rebranding it as FedEx Ground in 2000. More recently, the continued growth of online shopping, combined with increasing awareness of the role transportation (including package delivery) has on the environment, has contributed to the rise of emerging competition from niche carriers or rebranded incumbents.

## **Organizational Chart**

### **History of CEO – Frederick W. Smith**

Chairman, President and Chief Executive Officer

Frederick W. Smith is chairman, president and chief executive officer of FedEx Corporation, a \$42-billion global transportation, business services and logistics company.

Smith is responsible for providing strategic direction for all FedEx Corporation operating companies, including FedEx Services, FedEx Express, FedEx Ground and FedEx Freight. Since founding FedEx in 1971, Smith has been an active proponent of regulatory reform, free trade and “open skies agreements” for aviation around the world. Most recently, he has advocated for vehicle energy-efficiency standards and a national energy policy. Smith born in 1944 in Marks, Miss., he attended Yale University, where he earned a B. A. in 1966. Smith served as an officer in the U. S. Marine Corps from 1966-1970.

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Smith has served on the boards of several large public companies and the St. Jude Children's Research Hospital and Mayo Foundation Boards. He was formerly chairman of the Board of Governors for the International Air Transport Association and the U. S. Air Transport Association. Smith is a member of the Business Roundtable, is a Trustee for the United States Council for International Business, is a board member for the Council on Foreign Relations and the Startup America Partnership and is co-chairman of the Energy Security Leadership Council. He served as chairman of the U. S.-China Business Council and is co-chairman of the French-American Business Council. In addition, Smith received the Global Leadership Award from the U. S-India Business Council; the George C. Marshall Foundation Award; the Circle of Honor Award from the Congressional Medal of Honor Foundation; the 2011 Tony Jannus Award from the Tony Jannus Distinguished Aviation Society; Auburn University's 2011 International Quality of Life Award; the University of Mississippi's 2011 Honorary Alumni Award; the Lone Sailor Award from the U. S. Navy Memorial; the 2010 President's Award from the Transportation Research Forum; the Marine for Life Award from the United States Marine Corps; the UCLA Anderson School of Management's John Wooden Global Leadership Award; the 2010 CEO Coach of the Year by the American Football Coaches Association; was named 2006 Person of the Year by the French-American Chamber of Commerce; the Aero Club of Southern California's Howard Hughes Memorial Award and received the Medal of Honor from the American Chamber of Commerce in France. He is a member of the Aviation Hall of Fame, served as co-chairman of both the U. S. World War II Memorial Project and the campaign for the National Museum of the



Marine Corps, was named among the world's best CEOs by BARRON'S magazine and was CHIEF EXECUTIVE magazine's 2004 "CEO of the Year."

## Part 2

Mission - FedEx Corporation is providing high value-added logistics, transportation and related business services through focused operating companies to return for its shareowners. Besides, 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.

There are three levels of operating strategy worked by FedEx. One of that is compete collectively by standing as one brand worldwide and speaking with one voice. In addition, FedEx operate independently by focusing on our independent networks to meet distinct customer needs. Furthermore, FedEx manage collaboratively by working together to sustain loyal relationships with our workforce, customers & investors

Vision - FedEx Corporation's vision is a world which is moving goods and information quickly and seamlessly. A world where businesses source raw materials and parts globally, then move high-value goods quickly between continents and across time zones. It is in a world where global information and transportation networks can shrink time and distance, creating competitive advantages for customers.

Goals - FedEx Corporation announced that by 2020 it plans to reduce carbon dioxide emissions from its FedEx Express aircraft fleet by 20 percent and improve the fuel efficiency of its FedEx Express vehicle fleet by 20 percent. The ambitious new goals were outlined in the FedEx 2008 Global Citizenship Report released today. FedEx continues to make significant progress toward achieving its fuel efficiency goals by investing in more fuel-efficient aircraft, vehicles and facilities. Firstly, FedEx operates the largest fleet of commercial hybrid electric trucks in North America and the transportation industry with more than 170 vehicles. The fleet recently celebrated a major milestone with more than two million miles of revenue service. Secondly, FedEx Express has worked to optimize its delivery routes to ensure that the most efficiently-sized vehicle is used on each route. Thirdly, FedEx has begun upgrading its aircraft fleet by replacing narrow-body Boeing 727 aircraft with Boeing 757 planes that lessen the environmental impact. Fourthly, FedEx Express and FedEx Freight operate three solar-powered facilities in California.

Objective - FedEx developed a 12-component index known as the Service Quality Indicator. For the each item is weighted to reflect how significantly it affects overall customer satisfaction. FedEx uses customer satisfaction surveys to update its measures and weights. Measures of transportation operations may not all have equal importance or impact on desired objectives. It may be useful to give more weight to some aspects of performance than others to reach objectives more efficiently. Besides, FedEx set up a cross-functional action team for each component of its Service Quality Indicator. Each team is headed by a senior executive and assures the involvement of employees from all part of the company when needed.

Likewise, in regional transportation operations cross-functional, cross-agency teams could be developed to focus on making progress and tracking a single operations objective.

## **Part 3**

### **Structure of Organisation**

For every company there is sure to be different levels of management in the organization. As for FedEx as well, there are the three levels of management which is top level management, middle level management and lastly the first-line management.

### **Top Management**

The role of Top managers in FedEx's company is mainly setting the mission and goals of the organization. Top managers in FedEx are responsible of setting the mission, vision, goals and objectives of the company. These involve planning and organizing functions more than leading and controlling. The missions set by the top managers for the organization are providing high value-added logistics, transportation and related business services to customers worldwide. Other than that, FedEx also aims to provide services to move information and goods quickly and seamlessly throughout the world. By having the overall planning for the company, FedEx is then able to manage its business smoothly. Top managers are also responsible for performance of all departments. Organizing the departments and allocating responsibilities to middle managers is also one of the jobs of top level management.

Top management provides strategic direction for the company and must cooperate to strengthen its industry leadership.

## **Middle Management**

The role of middle managers is mainly to supervise the first-line managers. Middle managers each are the head of different departments and has responsibility to manage between the top managers and the first-line managers. After receiving goals and mission planned by top managers, middle managers are to research on a useful way to use each of their departmental resources. For example, one of FedEx's missions is to provide high value-added logistic services. Therefore, middle managers will have to find ideas and ways to use their abilities in their department to achieve that mission. Middle managers involve planning and executing the corporation's strategic business activities. Market development Manager T. Michael is responsible for all marketing, sales and retail operations functions. While for Alan the chief financial officer, he is responsible in financial analyzing. Christine secretary of FedEx Corporation ensuring that the corporation's global activities are in compliance with international, federal, state and local government regulations. Robert, the information service manager is responsible of setting technology direction.

## **First-line management**

The role of first-line managers is mainly running daily operations for the company. They are responsible in supervising workers who perform the physical activities like separating the goods to different groups before sending them out, collecting freight from customers, physically transporting the goods or freight to the address given and charging fees for their

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services. First-line managers play an important role as they also provide training like communication skills and service knowledge to increase workers capabilities. All workers under them will have to give cooperation in following their supervision in order to result in good and efficient service provided to customers.

## **Part 4**

### **Maslow's Hierarchy of Needs**

In every company there is need theories used. These theories of motivation focus on needs of people to satisfy their requirement at work and also the outcomes that can satisfy those needs. Managers of the company have to ensure needs of their workers are satisfied when that worker receives the outcomes for performing well. There are 5 levels in the hierarchy chart, starting from the lowest level is the physiological, safety, belongingness, esteem and self-actualization each for the levels consecutively.

For the lowest level of Maslow's Hierarchy which is physiological need, FedEx pays their employees salary monthly to ensure their employees can support their living needs, such as food, water, shelter and other necessary items and activities. These are the most basic human needs, if they are lack of these basic needs like food and water, it is likely to make a workforce very unproductive. With this, employees will always get the basic living needs and therefore ensure workers are satisfied have motivation. Other than that, allowance is also provided to the employees for example petrol allowance, and phone charges allowance. This will give benefit to employees so that it reduces their monthly expenses.

The second lowest level of Maslow's Hierarchy is Safety need. This need emphasize on security and stability for employees. By providing health-care benefits to employees, FedEx provides employees with means of affording a good health care service. FedEx gains from this program by having a healthier workforce therefore leading to decrease in number of employees being sick or unwell. When employees are healthy and at work, the company will gain an increase in their profits because employees will be able to produce quality services to customers. Most of the costs of the health care benefits are paid by FedEx while the employees will just have to pay a small amount out of their pocket or none. Disability Insurance is provided to secure employees from salary loss if an employee is unable to work because of a sickness or accident. Retirement plans or so called pension plans provide employees with a basic income during their retirement. EPF is implemented on employees as a safety fund for their future too.

The middle level of Maslow's Hierarchy is belongingness need. This need refers to social interaction within the company and love and care between the employees and managers. FedEx Company provides their employees with off days, emergency leave, annual leave and also medical leave. Employees are entitled to apply for these leaves accordingly as it is a basic need for a working person. Other than that, FedEx also conduct events like family day, company trips, and monthly birthday parties for employees in the company. These events will be able to strengthen the relationship between the staffs and managers thus improve cooperativeness in the working environment. Employees in the company are also able to have time to relax

during company trip after spending a whole busy year working for the company.

The next level in the hierarchy is Esteem needs. It is important for employees of the company to have confidence and feel good in themselves. The company does this by having promotions in their workers' job position as reward to their hard work for the company. A hardworking low level staff can be promoted to becoming a manager and thus have an increase in pay of his or her salary. FedEx also gives their employees yearly bonus at every end of the year based on the employees' performance. For example, the higher the performance of the employee, the higher salary and bonus increase he or she will gain. This will automatically improve the productivity and services of the company. A strong workforce of employees is created as they have a motivation to work hard for the company.

The highest level of Maslow's hierarchy is Self - actualization. Self-actualization is to realize one's maximum potential in their job. FedEx is looking for talented people that have the basic qualities of life for example honesty, enthusiasm, creativity and respect among employees and customers. The company will discover each of their employees' ability and talents for different departments and responsibilities.

As FedEx has grown into a global company, they develop a culture that is to respects diversity. Other than that, the company tries to develop the fullest potential of employees within FedEx. Management knows well that FedEx will only continue to grow and improve with a group of dedicated and responsible employees.

## **Part 5**

### **Control Method for the Company – Managerial control and change**

Behavior Control is one of the controls method used by top management in FedEx Company. There are three mechanisms for behavior control which are direct supervision, management by objectives (MBO) and lastly bureaucratic control (Rules and standard operating procedures).

#### **Direct Supervision**

Direct supervision refers to managing person of each department who gives direct instruction, take lead or make corrective actions when needed. Taking marketing department as a sample, top manager of the marketing department sets a concept or goal for marketing strategies for the department. They will need to provide guidelines about the goals and aims of the company to middle managers. For example, the manager plans to increase the profit of the company by 15% within a period of 4 years and this goal will be directed to middle manager to fulfill it. Middle manager of the marketing department will have to then think of ways or method to achieve the goal set by top manager. New strategies will have to be created in order be able to reach the 15% increase in profit. For example, they can use strategies like providing more services to customers by having fast logistic services by maybe sending freight from origin to the wanted destination within a day. First line managers will then come in hand to perform the day to day supervision on working staffs. First line managers will have to make sure the employees are performing the daily activities assigned in a suitable speed and progress. As for FedEx's staff, they would have to promote their



fast and quick service to customers worldwide so that more customers will approach to use FedEx's service. First line managers also will have to report to middle managers on their daily performance. Middle managers will receive management reports from first line managers and then produce an executive summary for top managers to know about the progress of the goals and aims they set. This is basically a direct supervision from top managers to middle managers and from middle managers to first line managers.

## **Management by Objectives**

Management by objectives refers to the goal setting process in which managers and subordinates negotiates specific goals and objectives for the subordinates to achieve and then periodically evaluate their attainment of those goals. Specific goals are set at each level of the firm. As for FedEx, they have different departments like Finance department, Sales and Marketing, Human Resource and Information service department. For each of the departments, they will have their individual objectives and goals led by top managers of each department. Firstly for the finance department, the main goal for the department is to control and manage the spending and budget of the company. Next is the marketing department, the goal for this department is on how to increase and maximize the company's revenue and profit. While for Human Resource (HR) department, they play a role in acquiring talented and capable employees and staff so that they have a good workforce. Other than that, HR is also supposed to analyze the employees and provide the best training to improve their skills. Managers and workers from all individual departments are to work together and coordinate to achieve their individual department objectives. Evaluation is

then done towards individual departments to see whether they are able to attain to their goals.

## **Bureaucratic Control**

Bureaucratic control is a control through system of rules and standard operating procedures (SOPs) that mould the behaviour of division or departments. The rules and SOPs are instructions that tell workers in FedEx Company what to do to gain a predictable outcome.

For an established organization like FedEx, they are sure to have rules and SOPs. Referring to the rules in FedEx's organization first, there are standard rules that applied to all employees in the company. For example, all employees have to come to work on time, have lunch break according to the time given time, delivery men will have to wear the company's uniform provided and so on. Different SOPs exist for different departments in the company. For instance, SOP for logistics and delivery, the department will first have to categorize the parcels or freight into different categories according to geographical areas. Next they will have to choose the way of transportation whether by air and land transport. A standard time schedule is set for delivery men to follow and ensure customers send or receive their parcel or documents on time and correctly. Another example is the SOP for recruitment in the company. Each requiring department will have to raise recruitment requisitions to HR department. HR department will then post up job hiring ads on newspapers or websites for interest applicants to apply for. Applicants that apply for the job will then be filtered and interviewed by HR. Applicants that are successfully hired will then sign contract for hire and placed to the requesting department or undergo training and so on.

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## **Part 6**

### **Ethics**

#### **Utilitarian Rule – Earth Smart**

The utilitarian rule defined as the decision that produces the greatest good for the largest number of party. FedEx is being a volunteer to provide the cosmopolitan connections and reduce the environmental impacts nowadays. FedEx owns the responsible to practice environmental issues into people daily operations as well as they endlessly set targets that encounter by them to raise the efficiencies and minimize all those waste. FedEx cooperates with their contractors and suppliers to know the environmental impacts of those uses of materials which for running their business process well as well as the number of works to minimize the impacts to the lowest level.

FedEx has reduced the environmental impacts by using recycle materials on their packaging. The legal sized of reusable envelopes are provided by FedEx to cover the usefulness of the items and also reducing waste. Nowadays they seldom use those packaging with those materials which are cannot or hard to be recycled. FedEx always encourages their customers and staffs to use their recycle envelope when possible.

#### **Moral Rights Rule – Diversity**

FedEx was founded on people-first thinking, where appreciate for all are everyday businesses practice and also the basic value.

290 thousands of teammate from a range of level have made up FedEx, they reflecting the concentration and value FedEx placed on diversity. Their

diverse labors force, supporting background and supplier foundation enable FedEx to own better service for their customers as well as there are also the competitive advantages for helping them to compete effectively in current global marketplace. They aim to create an environment where everyone can grow and contribute, and where the values of diversity are woven through their organization. They accept diversity as importance to their continued achieve today's ever-changing international marketplace and they value its role in helping them to achieve the exceptional service for their customers and rewarding chances for their staffs. Besides, they have been honored by the Pink magazine as a great place for women to work. Pink magazine placed them in its Elite Eight because of the number of women in executive positions.

## **Social Responsibilities**

### Scholarship - FedEx Supports Teach for America

FedEx had donated 1 Million USD to the program " Teach for America". The purpose is to increase the level of the education in America and eliminate the educational inequity over the country. FedEx welcome everyone to participate in their global economy, they are always looking for the future leaders. Students that came from poor family and having financial problem are given the chances to get the education they deserve to get.

### Sponsorship - FedEx China Extends Sponsorship of the China Badminton Team

FedEx announced that they extend their sport sponsorship of the " China Badminton Team". FedEx Company has been the main partnership of the "<https://assignbuster.com/description-about-fedex-corporation-commerce-essay/>

China Badminton Team” since year 2005. FedEx support the team in many exciting competition and charity purposes. By extending the sponsorship, FedEx is able to continue its promises to pay back to the local China social communities with the special and attractive programs. They believe that the spirit and value of teamwork and leadership is a very common mission to actualize by the each party. FedEx is always looking forward to the long-sight future business road of the unlimited successes from the expanded and strengthen the partnership.

#### Helping in reducing pollution

FedEx announced that they plan to reduce 20% of CO2 emissions from it FedEx Express aircraft fleet and improve 20% of the fuel efficiency of its vehicle fleet by year 2020. Today, the new goals where obviously shown in the FedEx 2008 Global Citizenship Report. They are doing their best to reach the fuel goals by investing last amount of fuel-efficient aircraft, facilities and vehicles.

Recently, FedEx Express has begun their work for it huge solar-powered which is includes a 1. 4 megawatt solar power system. With this, the current electricity per year is expected to be generated which will be the similar or even same with the annual consumption of big number of 370 households. Moreover, FedEx and the Environmental Defense have been introduced with a brand new hybrid electric diesel truck which is using the lesser fuel and it reuses electricity.

### **Summary**

FedEx is a

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