

Report on strategic capabilities and growth of fedex



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“ Strategic capabilities are the abilities to perform at the level required to survive and prosper, and includes resources and competence”.(Johnson et al. 2006)

In today’s hypercompetitive business world the competition is direct and aggressive. Competitive advantages are often imitative. So firms should analyze their internal resources, capabilities and external environment to expertise core competencies. They are the special strengths that a firm extraordinarily does well in comparison with competition. The core competencies are the capabilities which should be rare, costly to imitate and non- substitutable. Strategic capability is the ability of a company to sustain and to achieve long term goals.

1. 1. Research questions:

This project report will analyze what are the strategic capabilities Of FedEx? What is strategy? What are capabilities? What is core competence? What is the SWOT analysis for FedEx corporation? What is PESTEL analysis for FedEx corporation? How are they effective for the Growth of the company?

1. 2. Research objectives:

This project report will fulfill the following research objectives.

To identify the strategic capabilities of FedEx based on SWOT analysis and PESTEL analysis.

To describe the extent to which they are effective.

1. 3. Company profile:

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FedEx is a multinational company which represents the widest range of supply chain, transportation and business related information services.

FedEx was started as Federal Express Corporation in 1971, by 28-year-old Frederick W. Smith. Smith, a former Marine pilot identified tremendous difficulty in getting packages and other airfreight delivered within one to two days while operating his new firm. This problem driven him to do the required research for resolving the ineffective delivery system. Thus, the idea for Federal Express was born: a company that transformed global business practices and now defines promptness and trustworthiness. The corporation was created in 1998 as FDX Corporation and became FedEx Corporation in January 2000. FedEx motivates its more than 275, 000 employees and contractors to remain unconditionally, absolutely committed on safety, on ethical standards and professional standards for the needs of their customers and communities. It provides services to more than 220 countries and territories, including every address in the United States.

FORTUNE magazine declared that FedEx has ranked No. 13 among “ World’s Most Admired Companies” 2010. This was based on input from executives, directors and financial analysts worldwide.

FedEx Corporation delivers strategic path and combined financial tasks for the operating companies that compete jointly under the FedEx name worldwide: FedEx Express, FedEx Ground, FedEx Freight, FedEx Office, FedEx Custom Critical, FedEx Trade Networks, FedEx Supply Chain and FedEx Services. FedEx Corporation has visibly outlined goals and strategies for the future. Headquarters for FedEx is Memphis, Tennessee, USA.(Source Web page)

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1. 3. 1. Vision & Mission:

The complete history of FedEx Company is based on a particular vision: to make it possible for people and businesses to connect and collaborate with each other, no matter where they are in the world.

FedEx puts its people first because they are their most important assets through which they achieve their business goals. The Corporate philosophy is briefly stated as people-service-profit. The FedEx brand is based on speed and efficiency. Customer necessities will be met in the highest quality mode suitable to each market segment served. FedEx will endeavor to develop mutually fulfilling relationships with its employees, allies and suppliers. Safety will be the first concern in all actions.

1. FedEx Corporate philosophy.

Values:

People: They value their people and promote diversity in their workplace and in their way of thinking.

Service: Their absolutely, positively spirit puts their customers at the heart of everything they do.

Innovation: They invent and inspire the services and technologies that improve the way they work and live.

Integrity: They manage the operations, finances and services with honesty, efficiency and reliability.

Responsibility: They defend safe and healthy environments for the communities in which they live and work.

Loyalty: The firm earns the respect and confidence of their FedEx people, customers and investors every day, in everything they do.

1. 3. 2. Corporate performance:

FedEx was started as Federal Express Corporation in 1971. In 1975 it gained \$43. 5 million in sales. During the 1980s a drop in the consistency of the U. S. Postal Service triggered more companies to shift to FedEx for essential packages. In 1985 FedEx had chosen an important step to expand its services to Europe by opening a European hub at the Brussels airport. Due to this act Revenue reached \$2 billion in 1985. During 1990s FedEx faced a lot of competition in the U. S. market, but was able to continue its leading market share. In 1994 FedEx was the first international express cargo carrier to receive system-wide ISO 9001 certification. By 2015 the international express air cargo market was expected to grow approximately 18 percent per year. FedEx was anticipated to obtain a major share of that growth as it saw its global operations increasing 25 percent per year. FedEx is holding the assurance of its customers through its logistical capabilities, intensifying the carrying capacity of its fleet of over 557 fuel-efficient aircraft and 37, 000 vehicles.

Revenues have continued its decline that began in 2008. Since 2008, total revenue has decreased by \$3. 2 billion amount due to less consumer demand brought forth by the recession. 2010's operating income of \$1. 998 billion is 167% more than 2009's \$0. 747 billion and is \$77 million less than <https://assignbuster.com/report-on-strategic-capabilities-and-growth-of-fedex/>

2008's pre-recessionary levels. FedEx has increased their prices based on increase in demand, improving operating margin to 5.8%, more than the pre-recessionary level of 5.5%. Revenue for 2010 was \$34.73 billion, down from 2009's \$35.497 billion. Revenues decreased 2% during 2010 primarily due to profit decreases at FedEx Express and the FedEx Freight LTL Group as a result of continued competitive pricing environment.