

Fedex managing quality day and night business essay

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question? Company Overview Federal Express (FedEx) is a logistics servicing Company which began operations in April 1973, the first Company to offer overnight delivery service in the United States. FedEx's annual revenue of approximately US\$35 billion is generated by operating in more than 220 countries and territories, with an aircraft fleet of 652 and a motor vehicle fleet of 69, 000. The Company services an average of 500, 000 calls daily through its 1100 world service centres, with aircrafts traveling between more than 2000 ship sites and 6, 400 ship centres, delivering more than 5. 3 million packages daily. FedEx's commitment to superior quality and customer service has led to its growth and success in acquiring three major courier companies in South America, Mexico and the Caribbean, expanding its operations to become the world's largest all cargo airline. In 1994 FedEx achieved ISO 9001 quality certification for its worldwide operations, becoming the first carrier to achieve such accolade. The Company's focus on Quality in everything they do contributed to them earning the #10 spot on Fortune's world's most admired companies list in March 2013, having made

the list 11 times in the last 14 years. FedEx operations focus on Quality Management which is defined by Foster (2007) as " the management processes that overarch and tie together quality control and quality assurance activities" (p. 556). To achieve the highest quality, management policies and actions at FedEx are guided by the philosophy " People-Service-Profit". To live by this philosophy different perspective of quality are emphasized. These perspectives include Human Resources, Marketing, System, and Supply Chain Management and Operations, and Financial. Human Resource Perspective To be congruent with its people first philosophy the human resource perspective is the most emphasized by FedEx. The Company understands the importance of not only its management teams but also its rank and file employees. This is evident in several initiatives and philosophies that are employed in the organization. One such philosophy is the " no lay-off" philosophy. No job is secure, especially with the current unstable global economic environment, however such a philosophy gives employees' peace of mind allowing them to focus their energies on meeting targets rather than on the security of their job, as they are given a sense of stability to know that a down-turn in the economy will not necessarily jeopardize their job if they strive to maintain their competitive advantage by offering quality service. This commitment to employees gives them a sense of ownership which motivates them to perform at their utmost to ensure the Company achieves all its targets so that this philosophy won't be negatively affected. The Company's guaranteed fair treatment grievance procedure assist in building the trust between management and staff, reducing the feeling of employee victimization and further reducing grievances as a

whole. In addition to its aggressive training program and recurrence training used for productivity development, FedEx encourages employee development by allowing employees to participate in programs that qualify them for management positions. Employees are compensated with competitive wages and benefits, and are rewarded with profit sharing and bonuses. Its recognition program for innovation of both individuals and groups is another motivator for employees to contribute to the Company's quality performance. The recognition program entails the quarterly selection of divisional success stories entered in a Company-wide competition, with finalists making presentations before the Company's CEO, Executive Vice President and other top managers, where the winners are awarded a gold quality pin and the opportunity to be interviewed on the Company's internal television network. If a Company is to adequately provide quality service to its external customers, its internal customers must be satisfied with the processes employed internally. To ensure employee satisfaction with internal processes FedEx encourages two way communication through its survey/feedback/action (SFA) management evaluation system, where employee feedback is used to assist in the development and improvement of managers. The Company also requests that employees communicate what they need from each other, the purpose of what is delivered to each other and whether there is a gap between what is needed and what is delivered. The information received and given will help employees to better understand the value of what they do and how it affect the success of the business operations, making them more involved with a feeling of ownership ad value. Employees are empowered to make decisions that will improve the quality of

service offered to both internal and external customers, making processes more efficient. With the Human Resource perspective on quality being foremost at FedEx, the Company receives full commitment and participation from its employees enabling quality service delivery to all its customers internally and externally. Marketing and System Perspective FedEx major approach to marketing is "relationship management" which is described by Foster (2007) as a trend in marketing that is directed towards satisfying and delivering value to the customer (p. 18). FedEx places great emphasis on the customer as its marketing related quality improvement focus. To constantly achieve a 100% customer satisfaction, 100% on-time delivery and 100% accurate information available on every shipment and with its commitment to quality management, the Company has opened channels to accept honest feedback from its customers where the information received is used to continuously improve the quality of service offered. This commitment result in among other strategies the establishment of Service Quality Indicator (SQI) which is used to determine the main areas of customer perception of the Company's service quality. These indicators are tracked and used to generate a weekly summary of how well customer satisfaction targets are met. An SQI team works through the problems revealed by the indicators to improve that quality target/perception. Consumers rely less on advertising for their information on FedEx and more on quality/on-time delivery. The Company saves on advertising as their main vehicle for advertising is their courteous drivers and distinctive white delivery vans with the purple and orange FedEx logo. One of the Company's quality assurance marketing tools is its money back guarantee, where customers are offered a money-back

guarantee for every shipment, U. S, international or ground, if FedEx fails to deliver in the published or quoted delivery time by even 60 seconds. Supply Chain/Operations Perspective

At Fedex supply chain management is used as a fundamental management tool, allowing them to expand their service offerings to providing customized integrated supply chain solutions to customers who ship with them. As it relates to the upstream activities, each vendor/supplier is assigned a relationship steward with whom they work with directly. This relationship steward keeps all other parties informed of any new developments with the vendor. The relationships with strategic vendors are supervised by IT Executives. Supplier qualification and supplier filters are done by a purchasing and sourcing group who negotiate the best deals on quality and ensure that vendors supply the services that they are contracted to provide, thus identifying any contract breach. The downstream activities at FedEx include shipping and logistics, customer support and delivery reliability, which are FedEx's core business of operation. In August 2003, as part of its commitment to offering quality service, FedEx received recertification based on ISO 9001 version 2000, by Lloyd's Register Quality Assurance. ISO 9001: 2000 quality management standards focuses on processes and customer satisfaction, and consists of five clauses namely Quality Management System, Management System, Resource Management, Product realization, and Measurement, Analysis and Improvement. The operations perspective encapsulates all other perspectives on quality. To be most efficient and effective, especially with globalization, an organization must employ up to date technology, one of such technology used by FedEx is its Digitally Assisted Dispatch System (DADS) used to achieve high level of

efficiencies. DADS communicate to up to 30, 000 couriers, enabling quick response to picking up and delivery dispatches through effective time management and route management. FedEx uses its human resource of 218, 000 employees to operate its 69, 000 vans, 652 aircrafts and its numerous ship sites and ship centres around the world, taking the necessary measures to achieve its goals and targets of 100% customer satisfaction and 100% on-time delivery. FedEx employs what some would consider extreme quality assurance tactics. These tactics include an empty aircraft traveling from Portland to Memphis nightly, following a path that takes it close to several FedEx ship sites and ship centres. The purpose of this aircraft is to collect any package that might be left by regular scheduled aircraft which might have experienced mechanical difficulty. As a part of its operations management the system view is used, acknowledging that service quality results from interaction between machine, labour, procedures, planning and management. This acknowledgement can be attributed to the reason for the high emphasis on human resource/labour, as all other variables must be utilized by human resources, and a system will not work if it is not accepted and properly used, hence management focusing on the system as a possible cause of quality problems.

Financial PerspectiveThe main objective of a publicly held Company is to increase its financial gains thus making a profit. This according to S. Foster (2007) leads to concentration on relationship between risk on investments and the potential rewards resulting from those investments (p. 19). Quality management is a tactic used by FedEx to increase its Return on Investment (ROI) by investing in its employees and systems to reduce possible risks from substandard service and dissatisfied

customers. A formal Quality Improvement Process (QIP) is used to manage quality in the Company's entire operations, with the philosophy that quality 'must' be a part of the way the Company does business 'all' the time, using the 'do it right the first time approach'. Fedex employs the PAF paradigm to maximize quality cost, this consists of prevention, appraisal and failure costs. The 1-10-100 rule is applied in all instances emphasizing that \$1 invested as prevention cost (training etc.) enables the employee to be able to identify his/her mistakes saving the Company \$10 in internal failure cost to fix the problem if the mistake was to be identified in a different department or location, and if the mistake was to be identified by a customer the external failure cost to the Company would be \$100, resulting from loss of business due to bad publicity. ConclusionFedEx is a for profit firm, however human resource and service quality is of paramount importance to its profits as these areas of concentration are the driving forces behind increased profits. The areas of emphasis have steered the company to achieving a 99.7% on-time delivery rate, in addition to receiving numerous awards and accolades, which are defined by CEO Fred Smith as FedEx's "license to practice". Foster (2007, p. 31). FedEx will continue to practice quality improvement in its quest of achieving and maintaining its targets of 100% customer satisfaction, 100% on-time delivery and 100% accurate information available on every shipment to worldwide locations. CommentsVery well constructed and very well writtenNot very well researched outside of websiteReferencing weak bordering on plagiarismGrade: 8/10