FedEx Corporate History and Digital Innovation

Posted on September 21, 2018

View this essay online:
https://academic-master.com/fedex-corporate-history-and-digital-innovation/

Introduction

FedEx originated in 1971 and officially started operating on 17 April 1973. It is a parent company with four operating divisions: FedEx Ground, FedEx Express, FedEx Services, and FedEx Freight. FedEx was amongst the very 1st to foresee how the Internet could turn into a means for carrying shipment information and tracking. In 1994, FedEx propelled its Website to permit clients to track parcels online and do business through the Internet. The corporation focused on the fundamental business of fast delivery and provided instant carriage services to customers worldwide. FedEx used a balanced scorecard to analyze performance management and conduct SFA programs online to get a complete picture of the leadership and managerial skills of its managers (FedEx, 2026; U.S. Securities and Exchange Commission [SEC], 2024).

Discussion

Frederick W. Smith, the founder of FedEx and an undergraduate at Yale University, proposed a paper identifying inefficiency in shipping services. He suggested a solution, which was to carry out the deliveries at night when airports are not crowded. His idea was not well perceived by the professor, but Frederick did not give up and found out that the companies used long and inefficient routes to deliver the goods. He worked on his college idea and figured out a way to get packages delivered within two days. FedEx originated in 1971 and officially started operating on 17 April 1973. The company had 389 employees and distributed 189 parcels in one night to 25 United States cities. In 1983, FedEx was recognized as the first company to earn 1 billion dollars in revenue within ten years without acquisitions or mergers. They now own the industry and are ranked as the second-largest express delivery company globally (FedEx, 2026).

FedEx is a parent company with its operating divisions: FedEx Ground, FedEx Express, FedEx Services, and FedEx Freight. These divisions are managed under the FedEx brand but operate comparatively independently, and each division has its own business mission. FedEx Ground provides residential and commercial customers with door-to-door distribution of small parcels in Canada and the U.S. FedEx Express is responsible for the airline cargo facility. FedEx Services provides information technology, sales, marketing, and administrative support for linked transportation

services. FedEx Freight delivers LTL (less-than-truckload) freight services. The company now concentrates on its supply chain management and global logistics through e-business. It offers clients e-commerce, business services, and board transportation. FedEx was amongst the very 1st to foresee how the Internet could turn into a means for carrying shipment information and tracking. In 1994, FedEx propelled its Website to permit clients to track parcels online and do business through the Internet. The firm has developed from an $8 billion set-up to an $18 billion one today. The core of FedEx Corporation's continued growth is due to the shift from a physical package mover to an e-business (SEC, 2024).

FedEx's supply chain provides order fulfillment, freight management, and transportation management for its customers. Some focused, personalized facilities are also delivered, such as reverse logistics and return management. FedEx implements multi-business models such as B2G (business to government model), B2C (Business to customer model), and B2B (business to business model). This allows the company to provide a variety of services to the customers and strengthen its market competency. Three major competitors of FedEx are TNT, UPS, and DHL. FedEx cooperates with these logistics companies to achieve better infrastructure and transportation networks (business-to-business model) (The Wall Street Journal, 2024).

The corporation focused on the fundamental business of fast delivery and provided instant carriage services to customers worldwide. The company's development depends upon the performance of the managers in managing the people or team and working under them effectively. FedEx used a balanced scorecard to analyze performance management. A balanced scorecard measures the company's performance to attain a balance between financial and non-financial measurements. Another effective way for the company to control the departments globally is through two-way communication to deliver a strategy. This method motivates employees and helps them feel part of the business. For instance, the director can deliver the strategy to the company's staff via video conference all over the world.

Effective communication between managing bodies can lead to an effective work environment. FedEx focuses on communication to meet employees' social and self-esteem needs and make the company's management more efficient and effective. The employees at the company responded positively to the faith put in them and exhibited exemplary commitment toward their work. FedEx has a purple pipeline program to train employees to become innovative. FedEx labs are the facilities, opened in Oct. 2006, that function as an incubator for ground-breaking ideas. Unlike UPS (FedEx competitor), the company not only focuses on the business areas to generate maximum profit but also trains and develops its employees for future growth. When FedEx was going through severe economic difficulties, the employees were ready to use their personal credit cards and sell their belongings to buy fuel to distribute the parcels to the clients (Subramaniam, 2024).

FedEx conducts an SFA program online every year to get a complete picture of the leadership and managerial skills of its managers. The program has three modules: Survey, Feedback, and Action. A questionnaire was filled out by the employees about their immediate supervisors and overall

management. After this process, a one–to–one session is conducted by managers to discuss the survey results with their employees and figure out the problems identified in the survey. FedEx also conducts a GFTP program to address employees' complaints about performance, reviews, job postings, retrenchments, and disciplinary actions. The company also introduced an open-door policy for employees to register complaints regarding benefits, vacations, hiring, and so on. FedEx judges its employees' performance on three parameters: People, Services, and Profits. People may determine the leadership qualities of managers to provide an effective environment for employees. These policies helped the company to reduce the turnover rate. FedEx was sued for misclassifying the drivers as independent contractors rather than employees. The company agreed to pay $240 million in 20 states to settle the lawsuits (SEC, 2024).

References

FedEx. (2026). *Our history*. https://www.fedex.com/en-us/about/history.html

Subramaniam, R. (2024, September 12). *How FedEx CEO Raj Subramaniam is adapting to a post-pandemic economy*. Time. https://time.com/7021170/fedex-ceo-raj-subramaniam-interview/

The Wall Street Journal. (2024, August 20). *FedEx tackles the ultimate logistics challenge: Getting rid of duplicate trucks*. https://www.wsj.com/business/logistics/fedex-tackles-the-ultimate-logistics-challenge-getting-rid-of-duplicate-trucks-0103c0fc

U.S. Securities and Exchange Commission. (2024, July 15). *FedEx Corp. Form 10-K*. https://www.sec.gov/Archives/edgar/data/1048911/000095017024083577/0000950170-24-083577-index.htm