

United Parcel Service (UPS) Logistics

Posted on September 19, 2019

Summary Of The Business Of The Competitor And The Strategy It Is Pursuing:

UPS (UNITED PARCEL SERVICE) ("UPS's Values, Mission, And Strategy") is a global logistics company, an American and multinational package Delivery Company and a provider of supply chain management solutions. Its strategies are action-oriented. The following are some of its strategies.

Creating value for customers using our superior portfolio of logistics capabilities ("UPS's Values, Mission, And Strategy"). This strategy looks at how the company can show how the power of logistics can create a competitive advantage for our customers. Here the company works on ways in which the company can have a front foot ahead of the other competitors so as to be able to remain relevant to the market. Also, UPS Offers Hasten growth by leveraging our international system and scale. This means that the company works to ensure that it serves all people from all parts of the world equally. In addition, UPS Organizes our comprehensive portfolio of resolutions for besieged industries. This means that UPS aims to close the gaps that it has already identified in the market. Lastly, UPS Offers industry-leading technology that makes it simpler and advances our clients' business practices. This is done so as to ensure that each and every member of the market can be able to easily access and use the app in which the business operates online.

The second strategy is to continually transform to strengthen our leadership position("UPS's Values, Mission, And Strategy"). Here, UPS looks at delivering an exceptional customer experience, which in return lures the clients to keep doing business with us. Also, we apply marketing and sales excellence to drive profitable growth. Sales are more when marketing is at its best. Hence, this ensures that there will be maximum profits. In addition, UPS enhances its performance through efficiency, quality and technology. Ensuring that merit is what will rate shows that it is dedicated to offering high-quality services.

The third strategy is the making of investments with the aim of triggering growth in markets and opportunities("UPS's Values, Mission, And Strategy"). In this, UPS TRIGGERS grows by leveraging international networks. This shows that UPS is considerate and even cares for development in all parts of the world, regardless. Also, Ups aims to build infrastructure in emerging markets. By building structures, UPS Will not only create employment but also play a part in the development of the location. Lastly, UPS aims to expand offerings on the integrated logistics solutions.

Assess the company strategy using the tools discussed in the lecture notes and in the reading, and present your findings. Compare and contrast your findings to those for the company evaluated in

Assignment 1. Which company has the better strategy? Why?

The first question to consider is whether the business is going to increase capacity. On this when we see that the ups increases its capacity as its strategy aims to continually strengthen the business by increasing customer experience and also by enhancing the business performance through quality, efficiency, and technology. On the other hand, FedEx Company focuses exclusively on the market sectors in which it has the most expertise and can be independently enhanced and managed to provide outstanding service to its customers. And also has a huge appetite for growth.

Are the strategies a way of frequency of shipments? FedEx's strategies do not work in improving the frequency of shipping goods to the other markets worldwide, while UPS has strategies that aim to increase their rate of transporting and shipping as one of its strategies is to Accelerate advance by leveraging our universal network and scale which means that it plans to expand its methods of transporting to that that can manage huge loads.

Is the strategy going to increase the volume of the shipments and delivery? Both companies aim to advance the volume of their shipments as UPS offers accelerated growth by leveraging our universal system and gauge, which means that the company aims to deliver many goods regardless of the origin or the destination. On the other hand, FedEx does strategy has been that of shipping to more and wider markets but with less emphasis on the volumes.

I am going to increase the value and, hence, the price of my contribution. The strategy must also look at the value of its end result on the returns and also the contribution to the society. In both cases, we see that all the strategies are aimed at bringing more returns as both strive to expand their scope on the market. On the other hand, both companies, by reaching out to a huger market, bring impact to society as they make goods accessible to the market.

Is the company going to advance new relations within the existing market or to sell existing products?

The two companies are ready to collaborate with many firms as they rely on goods produced by other firms for shipping and delivery. Hence, by expanding their market, they also expand their collaboration with other companies.

In conclusion, I think that UPS is the company with the better strategy as it caters to all dimensions of growth. UPS's strategy aims at providing the best customer experience and also makes their interaction with customers easy as they aim to simplify their use of technology.

Identify, describe in reasonable detail and evaluate the key strategic risks that this company is facing or is likely to face as it pursues its strategy. Into what SRM category do these risks fall? Emphasis should be given to the strategic risks we have covered in class thus far. Compare and contrast these risks with the risks identified for the company evaluated in Assignment 1 (20 points)

Any business is likely to face risks while implementing its strategies. From this, we also expect UPS to

be making risks in the process of its implementation. Risks that are being taken are:

Risk Due To Economic Uncertainty

The start of a financial collapse may necessitate one to alter one's implementation plan. Demand for the UPS Company's goods and services may turn out to be lesser than what it had been assumed. This would make UPS faced with the bad side of the economy. You could make the decision to scale back your marketing plan in order to reduce expenses.

Competitive Factors Risks

The competitive forces in the world are constantly changing. New contenders penetrate the market every day. Also, Prevailing competitors have been in the market launching new services, which are aggressive as sometimes they cut prices to a level that UPS business cannot manage. This may because a challenge as there is a need to adjust one's strategies and application phases to stand actions taken by the competitors.

Higher Implementation Cost Than Forecast Risks

During planning, preparation of a marketing budget is made that shows the price of executing the chosen strategies. The strategies of UPS may be undervalued in terms of cost as there are many factors in the market that affect the prices of services that the company may require. During the launching of the strategy, the costs that are higher than forecast may require attention, which may include reducing costs just to enable the company to go back to its profitability state.

Loss Of Key Supplier Or Distributor Risks

Keeping in mind that ups depend mostly on products from companies that they are not in control of, there might come a time when the demand surpasses the supply; hence, this means that they will not be shipping as much as they had planned to.

Government Regulation

Some government regulations in some countries are also risks as they may affect the business entry to that market. Governments are able to make it difficult for a business to implement its strategies. For example, it may pass a restrictive zoning policy that prevents the business from opening the additional branch planned.

Discuss each of these risks, providing a summary of the potential impact on the company and the potential downside implications. Quantify the probability that the risk will occur. (I understand that you do not have full information for this task, so an estimate base on your understanding will suffice for this memo.) Quantify the impact that the risk will have on the company if it occurs.

The probability of risk occurring is measured on a scale of 1-10.

Economic Uncertainty-The start of a financial collapse may necessitate one to alter one's implementation plan. Demand for the UPS Company's goods and services may turn out to be less than what it had been assumed. This would make UPS be faced with the bad side of the economy. You could make the decision to scale back your marketing plan in order to reduce expenses.

The probability of this risk occurring is at 5. This is because it is difficult to tell as economic fluctuations are hard to detect.

This risk would cause a big loss to the company as the company may end up spending more than it makes in shipping when the market is low.

Competitive Factors- The competitive forces in the world are constantly changing. New contenders penetrate the market every day. Also, Prevailing competitors have been in the market launching new services, which are aggressive as sometimes they cut prices to a level that UPS business cannot manage. This may be a challenge as there is a need to adjust one's strategies and application phases to stand actions taken by the competitors.

This risk is very popular as many companies are always competing to lure a larger market than the other. This risk is at 7.

This is a great risk as UPS may end up suffering a great deal because if the competitors' prices are very low, it will be unable to match. Hence, it may end up getting very low returns or none at all.

Higher Implementation Cost than Forecast Risks- During planning, preparation of a marketing budget is made, one that shows the price of executing the chosen strategies. The strategies of UPS may be undervalued in terms of cost as there are many factors in the market that affect the prices of services that the company may require. During the launching of the strategy, the costs that are higher than forecast may require attention, which may include reducing costs just to enable the company to go back to its profitability state.

This is also a very common risk; hence, I will rate it at 6.

The reason why I think that this risk is a very dangerous one to the firm is the fact that if one spends a lot of money that will not be able to be regained, it means that the business will be operating at a negative.

Loss of Key Supplier or Distributor risks- Keeping in mind that UPS depend mostly on products from

companies that they are not in control of, there might come a time when the demand surpasses the supply; hence, this means that they will not be shipping as much as they had planned to.

This risk is at 9.

This is a very common risk, as when the market increases abruptly, then it means that the production of the goods will have to be increased tremendously. This increase leads to the company not being able to cater to its market fully, something that may make it lose its clients.

Government Regulation-Some government regulations in some countries are also risks as they may affect the business entry to that market. Governments are able to make it difficult for a business to implement its strategies. For example, it may pass a restrictive zoning policy that prevents the business from opening the additional branch planned.

This risk is at 3/10.

This is because government policies are negotiable as every country aims to improve trade between countries. These risks occur but at a lower rate. When they occur, they may hinder the business from venturing into the country; hence, the business is not able to reach its required market.

According to me, I think that FedEx is the one that faces the most significant risks. The fact that it is focusing on the global market rather than the domestic market exposes it to many risks. Any new domestic or international government laws and regulations may impact FedEx's businesses. A currency war or trade war, which leads to an unhealthy global economy and lowers the growth rate of global trade, will therefore, affect the profits of FedEx.

Categorize the risks as either avoid, mitigate, transfer or accept and justify your categorization. (15 points) ("Risks That May Affect Implementation Of Business Strategies")

Avoid risks are risks that demand a change of plans to avoid the risk; mitigate risks are the risks whose impact can be reduced by intermediate ways; accept risks are the risks that take chances of their effect being negative, while transfer risks are risks that are shared by taking, for example, an insurance cover.

Economic Uncertainty- This is a mitigated risk.

This is because this risk can be reduced by first studying the market before one starts to serve it.

Competitive Factors risks- This is a mitigated risk.

This risk can be reduced by making one's services affordable and of high quality. When the services I offer are better than those of the competitors

Higher Implementation Cost than Forecast Risks- This is an avoid risk.

This is because this risk can be evaded by the change of budget as one can adjust it to a level that does not hurt the business

Loss of Key Supplier or Distributor risks- This mitigates risk.

This is because this risk can be reduced by making sure you have many suppliers or one that can serve your growing market.

Government Regulation Risk- This is an accepted risk.

This is an accepted risk as its chances of happening are minimal as the government hinders new investments at very minimal rates.

For the three most impactful risks that require mitigation, please describe in reasonable detail how the company will reasonably mitigate those risks.

Economic Uncertainty Risk

This risk can be mitigated by conducting a study on the market. If a certain market has not embraced the technology part of this process, for example, you may decide to chip in and advertise the importance of your company to the general public. By doing this, the company will raise the urge of the market; hence, when it is introduced, it will get a good audience.

By doing this, the risk will be reduced by about 70% as the public will know its importance.

Competitive Factors Risks

This risk is one of the risks that are most popular. This risk is caused by the rising investments in the world today. This risk, however, can be lowered by ensuring one company remains relevant and competitive enough. Every firm aims to be the best in the market, hence creating competition. UPS, to mitigate this risk, will ensure that it improves its customer relations. This will make it popular as many clients will prefer where they are treated well. In addition, UPS will make sure that its quality of service is at its best, which will also give it a competitive space in the market.

This will reduce the risk by at least 90 %. Good services and quality goods are key to every business's success.

Loss Of Key Supplier Or Distributor Risks

This is a risk associated with trying to match the demand to the supply and also the link between the product and the client. When the demand is higher than the supply, then the business will be said to

be failing the market; hence, this should strive to be balanced. UPS Company, hence, will need to make sure that it has enough suppliers to meet the demand. By doing so, the business can now expand its market to as far as it is able to handle. Also, the business should make sure that transportation means are catered for so that the goods can be able to reach the client without any problems.

This Mitigation Is Likely To Reduce The Risk By 80 %.

According to me, the mitigation in UPS is more effective than the ones in FedEx. This is because mitigations in UPS are focussing directly on solving the problem while those in FedEx are not necessarily direct approaches to reducing the risk.

What controls would you put in place to help manage the risks and the effectiveness of the mitigation? Please explain why these controls will produce results. (20 points)

Controls are important aspects of risk mitigation("Risk Management Plan"). When a company has controls in place then it means that risks will be reduced significantly. The following are the risk mitigation controls I will put in place.

Business Impact Analysis- This is a very important control of risk. This analysis provides information to the business. This information is then used to make decisions on the way forward, hence avoiding the risky loopholes.

Make a Recovery Strategy- This is a control method where the data obtained in Business Impact Analysis is put in place. This is what determines the time required to salvage the business from the risk.

Formulate a Recovery Plan- Here, the mission is to write a plot that systematically lays down the actions to be taken in the recovery process.

Recovery Exercises- Here, the strategies are put to the test to ensure that they are useful. Having these exercises in place will enable the business to act in times of need.

Have Third-party Suppliers- By not relying on only one supply chain will help the business a great deal as it will not be paralyzed when the major chain is affected.

These controls are important as they enable the business to always be in a position to rise above a risk whenever it occurs. These controls show preparedness, and we know that when one is well prepared, half the battle is already won.

Given the identified risks, express your opinion as to whether or not the company's strategy can be

executed successfully. Is the strategy fundamentally sound? Why or why not?

Risks are a central point in every venture. But, the more prepared one is to handle the risks in case they occur, the more successful the person will be. UPS Company is faced with risks that can be controlled and others that cannot be controlled. I am convinced that some risks like the distribution and supply are the ones that are very important to this business and hence should be given the time and attention that they demand.

According to me, I think that the strategy applied by UPS is one of the most legitimate strategies there is. Creating value for customers using UPS's superior portfolio of logistics is one strategy that illustrates the weight of this strategy as it is customer-oriented. Capabilities have continually been able to transform to strengthen our leadership position, showing that the company is dedicated to giving its best. Lastly, Investing to hasten growth in key souqs and new opportunities shows that the company is also in support of the growth of society.

Having said that, I think that the risks illustrated in this piece are fatal and can lead to the collapse of this business. But I also think that this strategy can be applied successfully, though with lots of challenges that I am positive that the company will cater to.

This strategy is fundamentally sound as it focuses not only on the growth of UPS but also on the betterment of the communities. This is because if a business focuses much on itself it loses the aspect of caring for the very market that supports its existence.

Should the Surrey Group complete the acquisition of the company assessed in Assignment 1, the company assessed in this assignment, both or neither? Why?

I think that the Surrey Group should consider the UPS Company for acquisition as its risks are quite manageable. This private equity fund has a strong focus on (1) proactively managing the strategic risk associated with companies in its portfolio and (2) understanding the strategic risk posture of any potential acquisition. This is because all the risks in this company are able to be solved when the right strategies are put in place.

In the FedEx case, I think that it should also be acquired by the Surrey group. This is because the wide range of strategies of FedEx is "compete collectively, operate independently, and manage collaboratively." I think this strategy is very fruitful. It includes all aspects of strategies from a manager's perspective: competition strategy, operational strategy and management strategy. It concludes the key points to successful competitive services and products, strong executive power and an excellent management system. The FedEx 2017 Annual Report points out the three areas of focus detail strategies: investments, integration and innovation. Investments boost financial performance, including the problem of capacity and automation, reducing cost and emissions, and systems and safety improvements. This, together with the manageable risks, shows that the company is fit for acquisition.

Reference

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