

HISTORY, PRESENT AND PERSPECTIVES OF FEDEX

Andrea Chudíková – Slavomír Kiš

The book examines the characteristics of FedEx Corporation, from its history, organizational structure, current and future strategy. The company is extremely important for freight companies not only in USA but throughout the world. It is the market leader in transportation, information and logistics companies, which determines the strategic direction of its five operating companies: FedEx Express, FedEx Ground, FedEx Logistics, FedEx Custom Critical and FedEx Trade Networks. These companies, although each has its own name and own interests acting together under a common name of FedEx Corporation.

K e y w o r d s: FedEx Corporation, FedEx Express, FedEx Ground, FedEx Logistics, FedEx Custom Critical and FedEx Trade Networks, a shipping company, freight airline

1 INTRODUCTION

In the current economy, FedEx Corporation has an initial position. The company connects with customers through the latest technology and constantly trying to move forward and improve its services. FedEx is pushing for global trade. The aim is to develop its activities in markets such as China and India. Global trade will remain a major source of growth, especially in Asia, where it produces the most powerful transportation network in the industry. Today FedEx provides strategic direction and consolidated financial statements of all companies that operate under that name. Originally the company was called FDX Corp., was founded in January 1998, Caliber System, Inc. acquisition. Through this system, the company sought to build on the strength of postal express delivery services.

FedEx Corporation has tried to build on Express service and wanted to create a more diversified company, which will include a portfolio of different but related businesses. During the next period FedEx Corporation plans to oversee the assimilation of these companies and put them into a number of services and technological advancements.

Today, FedEx Corporation is a leading provider of transportation and information services worldwide, and there is a function under the motto "work independently, competing collectively and manage together." By operating independently, each company can focus exclusively on providing the best services for a particular market. An important factor, which highlights the company forward, is to focus on people, not just for its own staff but primarily on customer satisfaction.

2 FEDEX CORPORATION

FedEx is characterized by its approach to customers. The customer is the center of attention. We are constantly seeking to improve their services so as to meet customer expectations. Currently the company employs more than 290,000 people worldwide and raising the number of customer by trying to convince them that every employee will do everything to have experience with customer service always offered the highest level.

The company offers a wide range of international transportation solutions that include economic and express mail delivery worldwide. FedEx provides for both exporters and importers of a flexible range of services, complete global coverage, continuous review of the status of shipments and maximum reliability in the form of services that will fill all the needs of customers with regard to shipments. The priority has always been the achievement of perfection; each item is considered a unique and important for each package. The company invests in its employees to provide service to its customers at the highest level. Whether to fly or not, though they may be able to accept certain restrictions to a bearable extent.

An older generation (above 50 years of age) may display apprehensive tendencies to flying that could be reflected in utilisation of air transport. This group could be more tolerable to restrictions than the other two groups.



Fig. 1 Logo FedEx Corporation

2.1 Characteristic of FedEx Corporation

FedEx name originated from two words of Federal Express. The word suggests the Federal interest in the company of national economic activity. Word Express can be explained as an express, quick delivery. As part of its physical network served the company in almost every working day 5 million items. Through the virtual network it trades over 100 million electronic transactions a day and a year to invest in people and modern information technologies around 1.5 billion. USD.

The company officially began with FedEx shipments on 17th April 1973. Initially the company owned 14 small aircraft that flew from Memphis International Airport. The headquarters of the company became the airport in Memphis, Tennessee. This city was chosen because of significant geographic location. The good thing about the location of the airport and hence the location of the registered office of FedEx, in the city of Memphis has always been excellent weather. Airport in Memphis was rarely closed due to bad weather conditions. A big role in deciding on the location of company headquarters also played the willingness of the company leadership to make necessary airport reconstruction to improve the operation and also to build another hangar, which would use FedEx.

The company currently owns 654 aircraft, more than 80,000 vehicles to carry out land transport and 375 airports around the world as the most popular car and fleet for the transportation of any cargo worldwide.

2.2 FedEx Express

FedEx Express is characterized by express mail distribution, which provides fast and reliable delivery of mail to more than 220 countries. With this service are interlinked world's major markets, which account for more than 90% of world gross domestic product in one to three business days. The company is the leading cargo carriers in the world and constitutes an important article in the transport infrastructure, combined with leading technologies.

Headquarters in the USA is in Memphis, Tennessee, in Asia Pacific is Hong Kong and

Toronto in Canada. Director is David J. Bronczek, who serves as president and CEO. The revenue account of the company is about 24,600 million dollars. The company employs 146,000 employees in locations worldwide.



Fig. 1 Logo FedEx Express

2.3 FedEx Ground

FedEx Ground is a leading provider of small mail order delivery within USA and Canada. This is a real delivery to your home. FedEx Ground provides delivery segment, which specializes in providing consolidation and delivery of shipments of low weight and less time-sensitive packages through the U.S. postal service for commercial delivery of FedEx Smart Post. FedEx Ground specializes in cost effective, small packages, which offer a reliable business-to-business mail delivery and convenient residential service through FedEx Home and FedEx Smart Post.

Founded in 1985 and rebranded as the RAC since 2000, operates under the name of FedEx Ground. The company headquarter is in Pittsburgh. Revenues are 8,500 million. dollars. The company employs 75 000 employees. The average weekly volume of mail is more than 3.5 million. The company ensures the delivery of items by 29 000 vehicles. The company has 33 ground-based centers and more than 500 transfer stations and 25 distribution centers FedEx Smart Post.



Fig.3 Logo i FedEx Ground

2.4 FedEx Freight

FedEx Freight has a leading market position in the provision of freight services in all areas according to records FedEx Freight. Their shipments are very time specific. FedEx Freight was founded in 2001 with headquarters in Memphis, Tennessee. President and CEO of the company is William J. Logue. Revenue account about 4.9 billion dollars. The company employs 22 000 employees.

Mean volume of consignments are more than 80,000 items. Reliable delivery of mail to destination provides more than 20,000 vehicles. FedEx Freight has built approximately 355 operational service centers.



Fig. 4 FedEx Freight Logo

2.5 FedEx Services

FedEx Services Company operates combined sales, marketing, administrative functions and information technology in the operation of services that support transportation and allow businesses to gain connection to each function. The company includes FedEx Services, which provides sales, marketing and information technology support for FedEx and other companies TechConnect, which is responsible for customer service and technical support.



Fig. 5 FedEx Services Logo

3 HISTORICAL DEVELOPMENT OF THE COMPANY

Originally the company was known as FDX Corp., and it was founded in January 1998, Caliber System Inc. acquisition. Through this system, the company sought to build on the strength of postal express delivery services. The company has tried to build on Express service

and wanted to create a more diversified company, which will include a portfolio of different but related businesses. Over the next two years, FedEx Corporation planned to oversee the assimilation of these companies and put them into a number of services and technological advancements.

The company has gone a long way and today is a leading provider of transportation and information services worldwide. The function of the company is under the motto "work independently, competing collectively and manage together." By operating independently, each company can focus exclusively on providing the best services for a particular market.

In 1965, undergraduate Frederick W. Smith wrote term papers on information systems for passengers, who then use most of the carriers. Frederick W. Smith called these systems with their work for insufficient. The paper said that the carriers would need to design a system specifically designed for air transport, which may be transported to a time-sensitive shipments such as medicines, computer parts and electronics.

Frederick W. Smith was a former Marine pilot, who outlined his vision of the night delivery service. He claimed that the cargo air transport has different requirements than passenger air transport services and the company that would specialize in air-mail should be more complementary to the air transport of persons. Speed was more important than cost. Part of his strategy was to deliver packages by one node and also build your own fleet.

The year 1966 is significant because in the town of Iron & Ohio, founded by Roberts and Cartago was also founded by Viking Freight in San Jose, California. FedEx was founded in 1971 as Federal Express Corporation. Dilemma major long delivery items led them Frederick W. Smith, the research needed to address inefficient transport. So the idea of birth Federal Express - a company that was the beginning of the revolution in global business practices. In August 1971 Smith bought controlling interest in Arkansas Aviation Sales, located in Little Rock, Arkansas. During operation of the new company Smith had huge problems in getting packages to be delivered by air to one or two days. This problem motivated him to research the solution to inefficient distribution system. At

the end of the research was the idea of a Federal Express. It is now known mainly for its speed and reliability.

Gradually there is a company Federal Express Corporation in Little Rock, Arkansas, USA. The company received the title Due patriotic significance. Connection with the word "federal" implies an interest in national economic activity and express the word as fast delivery. At that time, Smith hoped to get a contract with the Federal Reserve Bank - the proposal was rejected. But the company has attracted public attention and recognition of the name.

The topic semester work of Frederick W. Smith became a reality in 1973. Smith received \$ 4,000,000 as inheritance from his father. In 1973 spolonost FedEx began offering its services in 25 cities with a fleet of 14 aircraft and 389 employees. Relatively small size of the collected packages from airports were every night prepared in Memphis, where they were immediately sorted and ready for equipment. Packages were shipped at airports close to its destination, where they were taken over by FedEx trucks the following morning and carted away for a specified location. Federal Express began with delivering 186 packages per day to 25 cities in the U.S.. The modern aviation industry and ground express delivery was born.

The company began to show profits in July 1975. Soon it became the first airline with a high priority for rapid transport of goods. It is also the creator of industry standards for air cargo. In 1978, shares under the symbol FDX were published in the New York Stock Exchange FedEx. A year later the company was running COSMOS, which is a centralized computer system for managing vehicles, people, packages, routes and weather reports in real time. In the first half of 1980, the company entered the stage of maturity. There were built mostly good solid foundation for further development in the future. FedEx ® introduced a system of DADS (Digitally Assisted Dispatch System) to coordinate phone contracts, highlighting clients.

In 1980 the company name changed to Cartago Roberts Roberts Express (now FedEx Custom Critical ®) and the company began to offer a fast delivery service, which will lay the groundwork for the modern system of express

consignments.

In 1981 FedEx introduced the night transportation system Overnight Letter ® and launched its first international service and transportation to Canada.

After obtaining Gelco Express International in 1984 FedEx Express launched operations in Europe and Asia and especially in the Pacific. He introduced the first automatic forwarding system based on computer later named FedEx

FedEx significantly expanded its presence outside the U.S. by PowerShip ®. through the acquisition of Gelco Express, courier services, which is represented in 84 countries. RPS Society, now known as FedEx Ground was founded in Pittsburgh, Pennsylvania, and was the first to land in the shipments in 1985 introduced the barcode labeling. A year later SuperTracker® introduced the barcode system, which provides detailed information about the package in transit.

In 1988, FedEx Custom Critical has created a system of White Gloves ® Services for special handling purposes in 1989, FedEx bought Flying Tigers system and thus significantly expanded its international service. This year was a turning point for FedEx in various spheres. In Akron, Ohio were founded Roadway Logistics Systems. Later they were renamed to Caliber Logistics and now performs under the name FedEx Logistics. FedEx Custom Critical has developed its services in Europe and launched on-board communication system using satellite search exact point where the vehicle. FedEx became the first company, which was awarded Malcolm Baldrige National Quality Award for quality in 1990.

In 1991 the CharterAir ® system was introduced, a service of FedEx Custom Critical, which has its inaugural flight. FedEx Supply Chain Services has also introduced a system of Rite RoutingSM to demonstrate the level of its national shipping services.

Revenues in excess of FedEx Ground in 1993, more than 1 billion. USD. During nine years the company has seen the fastest growth in comparison to all companies engaged in land transport history.

In 1993, FedEx Ground launched MultiShip ® system, the first Automated Transfer-supply system for sending packages from other providers. The company also created ExpressClearSM (Electronic Customs Clearance

System) - an electronic system for processing orders for customs processing, when the cargo is already on the road.

The year 1994 was significant because the Federal Express company officially changed its name to "FedEx" as a symbol of world standard for fast and reliable service. Changing the name also was based on the initiative of the customer, which is often marked by an abbreviated form, the FedEx. This shortcut can explain to their customers, which meant "to send a shipment through the night."

His debut was also the FedEx website at www.fedex.com - first to offer online search packages so that customers can actually track their orders through the Internet. FedEx Ship software was introduced, which allows customers to track and manage their shipment from their desktop or directly from their home. FedEx acquired a permission from Evergreen International on route to service in China. It opened its Asia Pacific hub in Subicomb Gulf in the Philippines and triggered the FedEx AsiaOne its network. FedEx Ground was expanding its activities in 1996 and has achieved 100% coverage of North America and also became the first company that allows its customers to track parcels online through FedEx InterNetShip.

FedEx also introduced a system of e-Business Tools for easier connection forwarding and search applications and acquired Caliber System, Inc., and formed FDX Corporation, the logistics and distribution potential of 16 billion USD.

FedEx Corporation was founded in January 1998. In 1998, in Memphis, Tennessee, FedEx Logistics was also founded, as the parent company of FedEx Supply Chain Services.

FedEx Corporation has launched a system PowerShip[®] mc - multi-transport electronic forwarding system. In 1999, The FedEx Marketplace debuted at www.fedex.com website to provide easier access to online trading, which offers fast and reliable express freight forwarding. FedEx Logistics has gained an air cargo forwarder Caribbean Transportation Services.

The second development occurred in naming the company in 2000. The company was

renamed FedEx Express to reflect its position in the overall FedEx Corporation portfolio. The company offered a wider choice of services - hence the supply of goods through the night.

To increase the power of global brands of FedEx, FDX is renamed FedEx Corporation and they are independently operated companies: FedEx Express, FedEx Ground, FedEx Custom Critical, FedEx Logistics and regional carriers to transport with the minor costs. FedEx Ground also announced its plans to launch an innovative business services to the home mail delivery - FedEx Home Delivery - the largest U.S. markets. The acquisition of Tower Group International was created by FedEx Trade Networks. Gradually the company began to launch its first international service. Began offering its services in Canada and established a system of night traffic leaves Overnight Letter.

4 ORGANISATION STRUCTURE

FedEx professionals continually monitors the strengths and weaknesses of the company. The company is trying to respond flexibly to market changes, but also recommendations and advice to employees and especially the management. A very important factor is communication with all employees who work in positions of corporate organization. Running FedEx is configured so that a change in the system - that can do best to improve a worker from a variety of positions.

Management staff can suggest improvements and services that have experienced in their work. Organizational structure and management levels are among the most important aspects that can affect the operation and success of the organization. The company promotes the knowledge that the best solution is the five-level management.

FedEx Corporation has divided its activities into five operating units, each of which focuses on specific market segments. This division is the basic organizational structure of the scheme. Each of these operating units work independently and has assembled his own team, which manages company operations, finances, managing

employees and communicates with other operating units of FedEx.

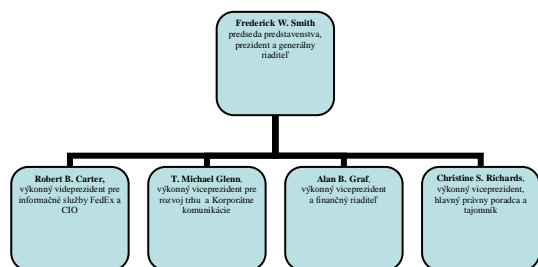


Fig. 6 Organization structure FedEx Corporation

5 ECONOMICS FEDEX

The company reported an annual profit that evaluates the effectiveness of their work. The company analyzed the ratio of services sold, net profit and net profit rate. The values given are for a better illustration in the table, which indicates that in 2014 the company expects increase in sales services to 50 000 million. USD and thus increase net profit.



Fig. 7 Evaluation of FedEx earnings from 2006 to 2014

5.1 The purple promise

The founder and chairman Frederick W. Smith made a promise called The Purple Promise, which means a commitment to customers. To make this promise to be retained, FedEx:

- Do everything for customer satisfaction
- To process customer information is always with 100% accuracy
- Any transaction carried out with utmost precision and the highest quality service
- Always strive to improve, enhance any work after each execution

- Listen to suggestions for improvement of their employees for what they can nominate and reward



Fig. 8 Commitment to customers – The Purple Promise. Source: Internet [1]

Levels of remuneration of employees

The program The Purple Promise sets out four levels that can be achieved:

- First Acknowledgement Purple Promise - an award that is available for managers to recognize and thank employees for their commitment,
- Second Purple Promise Recognition - recognition is intended for employees who are nominated for a Award The Purple Promise. Price includes the thank-you card, certificate and also a gift from the company.
- Third Purple Promise Award - package includes a trophy and cash prize bag in cash.

5 FLEET OF AIRPLANES FEDEX EXPRESS

Many companies are looking for different ways to save money. Therefore, they try to suspend certain types of its transport and move them to cheaper alternatives such as land transport modes.

FedEx Corporation announced a large reduction in network capacity at FedEx Express, including the disposal of aircraft that are already becoming obsolete and the company is inefficient and old.

These include aircraft such as McDonnell Douglas DC-10 and Airbus A310. FedEx operates the largest fleet of expensive aircrafts in total amount of 664. The company is the largest operator of Airbus A300, Airbus A310, ATR 42, Boeing 727, Cessna 208, a McDonnell Douglas DC-10/MD-10 McDonnell Douglas MD-11. Last Boeing 727 aircraft, the company took over in 1984 along with the latest Airbus A300 and A310, which were built in July 2007. The company has

always tried to respond flexibly to changing demand for freight transport.

In 2007, FedEx had originally planned to include fleet 90 Boeing 757-200. However, production of the aircraft was suspended in 2005, trying to find an alternative solution and to buy equipment worth 2.6 billion USD and wanted to replace aging Boeing 727th. FedEx Express should be a market for the biggest and newest cargo aircraft Airbus A380. The company initially ordered 10 machines with delivery in 2008 and 2011, later ordered another 10 aircraft.

Originally it was planned to include the first Airbus A380 aircraft in service in August 2008. The plane had to fly between the centers of the United States and Asia. Since Airbus with delivery delayed more than two years, FedEx canceled their orders and replaced them with 15 Boeing 777Fs, to be delivered between 2009 and 2011. In January 2009, FedEx received the option to buy 15 more Boeing 777 cargo aircraft.

Long-term goals of the company:

- Increase in sales,
- A 10% + profit and operating margin,
- Increase profits by 10% to 15% per year,
- Increase cash flow,
- Increase revenues.

Advantage of the macro-economic trends

- Growth and improvement of technology,
- Globalization,
- Speeding up the supply chain,
- Improving supplier relations,
- Increase sales through the Internet network.

Prospective growth strategy

FedEx wants to focus on the following 5 strategies for business growth:

- First growth of transport packages,
- Second growth internationally,
- Third growth capability of creating high-quality supply chain,
- Fourth growth of Internet sales and e-commerce technology,
- Fifth expansion of services offered.

6 PROPOSAL TO IMPROVE

Each sphere is always something that can be improved. Also at FedEx Corporation, the management can not be satisfied with what they have. It is necessary to constantly move forward and try to improve their services through innovative new technologies. The company has currently rather outdated software. There are various innovative techniques that could make services even of a higher quality, recording speed up shipments, which would facilitate largely the work of employees and would speed up the time of equipment shipment.

Although the company is trying to impose on other continents it should certainly increase its efforts to gain a leading position in Europe as they are generated competitors who could threaten the future of the company's position in the USA. The company should try to transport more items and ship to countries that are not so well known worldwide, but the demand for mail order service is also comparable with most countries. The population density is mainly in these countries very high, it could have spread to one route shipments more efficiently and thus would also save on fuel, whose prices today climbed to staggering heights. Although FedEx Corporation pays close attention to advertisements, it should widen and hold open days at all locations in the world to give customers insight into the systems that they carry items.

There is also a possibility of issuing and publicizing services and society, by means of activities and also participate in employment fairs in different countries. The company would come more to the awareness of ordinary people who will meet with the name of the company for the first time. These people can also be potential future employees that will further promote and work towards the fact that people have to transport their items just by FedEx. The building site is also evaluating the terminal directly to the resort company, possibly to the transport means to deliver the shipment. For this process it is important to high-end equipment, but a simple questionnaire comprising four questions, which will include general information about satisfaction with the service that was provided to the customer. The customer would chose on the touch screen to answer each question yes or no. At the end of each month, the questionnaire and evaluate the results

of the changes were adopted. In the case of high dissatisfaction with the employee would have change his instructions, transfer or retraining to improve his evaluation. Tracking via the Internet should be reflected in the tracking of shipments via mobile phone, where you knew every customer to track your shipment through GPS.

Such control of shipments would be very prosperous for both the company and for the customer. In the event of a breach paths, respectively. in case of another problem during delivery would be action taken against an employee. In this case, the company bears the risk that a customer is dissatisfied with the services they will pursue all possible variations that could impair the transport process.

7 CONCLUSION

Despite the many negative effects of past or present time, where there are threats of terrorism, SARS, hurricanes, increases in fuel prices, freight records long-term growth of their performances. Air freight is increasingly gaining in importance. This mode has an irreplaceable role in the global, continental and intercontinental transport relations for different types of supplies and especially supplies of high value and low volume.

Currently, the most important provision of high quality and accuracy of deliveries, you can expect a further increase of the integrated express carriers. The further expansion of the FedEx tries mainly to ongoing development, as well as UPS and DHL.

By creating strategic alliances and partnerships between carriers, companies try to meet customer expectations at a very high level. Air freight is increasingly becoming an integral part of a more robust global chains and thereby increasing their value and quality worldwide.

The study demonstrates that FedEx has a very important role in the delivery process. If a company wants to increase their profits and are able to withstand the competition must always proceed by introducing new technological innovations and constantly improving the services offered.

The company has long-term system in the processing of shipments, the shipment of a

delivery, it is necessary to build trust with customers through the publication of routes where their shipment is.

The best solution would be the development of a system that the customer can download from the Web site to his mobile phone via GPS coordinates at any time during the delivery of mail survey of realizing what is happening to the shipment. Its effect would certainly saw and customer satisfaction evaluation system, which would immediately report back on whether the customer has any objections to the delivery. Usually it happens that the customer after receipt of the shipment has not returned to the computer and no longer responding to system delivery. An exception is the case if the customer is dissatisfied, and any claim, if the return is executed to transport unconditional.

BIBLIOGRAPHY

[1] The purple promise [cit.] 1 [2011-12-6]. Available at: <<http://www.fedex.com/purplepromise/en/materials/boolets.html>>.

AUTHOR'S ADDRESS

Andrea Chudíková, Bc.,
Mieru 279, 980 22 Veľký Blh, Slovakia
chudikova@centex.sk
doc. Ing. Slavomír Kiš, PhD.,
Department of Air Traffic Management
Aeronautical Engineering, Technical University of
Kosice,
Ramp 7, 041 21 Kosice, Slovakia
slavomir.kis @ tuke.sk

Reviewer: Ing. Robert Klír, PhD.