Executive Summary

The topic discussed here emphasises upon the transformation of FedEx from an express deliver company to a global leader in the logistics and supply chain industry. FedEx have utilised information and technology, especially e-business, to gain success and become a world leader. In the report, it is also discussed that how Porter’s model of five forces and value chain are incorporated in the activities of FedEx. They have also utilised innovation and rational thinking in their business activity. FedEx at present have dominated global market place with international trade and global brand image. The credit of this transformation lies with the constructive effort of the management as well.
**Introduction**

FedEx is a major service provider to customers and businesses globally with a broad portfolio of e-commerce, transportation, and business services. FedEx has around 275,000 employees. They inspire their employees and contractors for giving their absolute best in serving consumers by focusing on safety, ethical standard, and professionalism. They try their utmost to provide selfless and on time service to consumers and as well as to the community.

At present, Federal Express or FedEx Corporation is a provider of strategic direction to the operating companies which competes collectively as a part of global name called FedEx. It was started in the year of 1973. The FedEx Corporation has gone through several transformations in it from its earlier days and has become an express delivery company for delivering global logistics as well as a supply-chain company. They has to offer incorporated business functions through operating companies challenging collectively and are managed collaboratively, under the esteemed FedEx brand. FedEx is constantly ranked among the world's foremost admired and trusted employers. It was originally called FDX Corp. The present name FedEx Corp was created in January 1998 along with the acquisition of Caliber System Inc. FedEx give a free rein to the power of its worldwide brand in the year January 2000. FDX Corp. was renamed FedEx Corporation in a move which saw it to be further integrated in collection of services. Federal Express turned out to be FedEx Express, RPS also changed to FedEx Ground, Roberts Express became FedEx Custom Critical, and Caliber Logistics and Caliber Technology were collectively made up as FedEx Global Logistics (FedEx, 2010).
FedEx Global Supply Chain Services

FedEx Global Supply Chain Services provides solutions for its customers' most significant supply chain requirements. It leverages the strong points of the entire segment of companies associated with FedEx. It consists of spare parts to emergency deliveries to the combination of returns into the product life cycle. In addition towards the management of critical inventory needs, FedEx Global Supply Chain Services also provide customers complete order fulfilment and transportation management related solutions, backed by visibility, order, and event management technologies which provide peace of mind throughout the entire distribution cycle.

FedEx Supply Chain Services

In the year 2006, FedEx Supply Chain Services which was a subsidiary of erstwhile FedEx Global Logistics was realigned for converting it into a subsidiary of FedEx Global Supply Chain Services. At present, FedEx Supply Chain Services provide logistics and transportation management, other customized supply chain solutions, consulting services for customers so that they can maximize their potential and minimize their associated costs.

FedEx Customer Information Services

FedEx Customer Information Services was established in 2006 as a supplementary part of FedEx Corporate Services, Inc., for aligning customer contact centers, claims, worldwide revenue
operations, trace and package engineering operations within FedEx’s professional services company (FedEx, 2010).

**Porter’s Five Forces and Porter’s Value Chain Techniques and Their Practical Relevance to Strategic Planners at FedEx Corporation**

In the strategic management process, Porter’s five forces and porter’s value chain techniques are extremely important for the marketers. A business organisation can gain insights into the ongoing business activities of their rivals as well as gain knowledge about the business environment they are working. Proper utilisation of both the techniques can provide a business organisation the required competitive advantage.

**Porter’s Five Forces Technique**
According to Michael Porter, the profit related potential is mainly determined by the intensity of the competitiveness that exists between the rivals within a specific industry. The Porter’s five forces technique also is based upon this notion of Michael Porter. According to the technique, a competitive strategy has to be constructed, keeping in mind the opportunities and also the threats that exist in an external business environment. Also the strategy should be based upon the critical analysis of the industry and the economical scenario of that industry. Porter defined five generic forces which shaped the industry like bargaining power of the suppliers, bargaining power of the buyers, threat of new entrants, threat of substitutes and rivalry among the competitors. These five forces generally determine the direction of the competition and also the profitability of an industry. The strategic planners can utilise this factors into the improvement of an organisation.
as this forces can make the scenario and the context of the business clear to the management of an organisation. Therefore, they can base their decision upon the five factors.

Bargaining power of suppliers relates to the factor of suppliers’ power i.e. the suppliers’ advantages that exists in the industry as they are provider of the inputs like raw materials required in an industry. In case, the suppliers’ bargaining power is high then it has a significant impact on an industry. The bargaining power of suppliers is generally high when there are small numbers of highly concentrated as well as dominant suppliers exist in a market. Also, when in a market there are scarcities of a substitute suppliers for raw materials and switching cost of suppliers are high then the existing suppliers generally has a bargaining power. Suppliers of FedEx has low bargaining power because of the quality of service, brand value, brand name, and also a prospect of safe and secure long term association has made FedEx a preferred choice for the suppliers.

Bargaining power of the buyers exists in market when the buyers have a significant influence over the pricing in a marketplace. In case of FedEx, bargaining powers of buyers are generally high as they are large in number, concentrated and purchase products in volume quantity. Also in case the purchased products are standard and undifferentiated then also it makes it easier for the buyers to change suppliers. Buyers are one of the main reasons for a business growth and increase in profit. The purchase of buyers signifies a majority of the revenue earned by a seller. In the industry that FedEx is serving the switching cost of customers is low. Therefore, sellers i.e. FedEx always try to keep the buyers view point in mind like aiding consumers with implementation of e-business and information technology solutions while designing their products. Otherwise, there is a distinct possibility of loosing consumers.
Threat of new entrants is a genuine threat that every established business organisation has to face. There are certain barriers exist for a new business venture which determines the level of threat. These include need for gaining economies of scale, large amount of capital money requirements, strong presence of an existing brand, like in case of FedEx they have captured a majority of market share and also customer loyalty associated with it, lack of connection to the required distribution channels or lack of contact with required raw material provider are all barriers that creates difficulty for a new entrant in a market. FedEx have also used technological development, their brand name and strategy to focus on customers view point to make it very low threat for a new entry in their market segment.

Threat of substitutes can be stated as a threat for established brands from a relatively smaller player in a market. This can occur when the price of substitute product is lower but is equivalent or greater quality than the existing product. This scenario can also take place when the consumer switching costs becomes lower and competitors prepare a plan to increase their growth by market penetration and increase in capacity of production. FedEx have used latest technology with the aid of internet based services, also they have used their own Aircraft and shipping facility to make it hard for any substitute to match up with their capabilities.

Rivalry among the competitors also plays a significant role in market environment. The intensity of rivalry increases when there are equal number of competitors, demand of the products decline, growth of the industry slows down, fixed costs and barriers that exists for leaving an industry becomes quite high. FedEx’s competitors include UPS, DHL, and TNT. All of them are very competent and have followed similar methods like use of internet and other technologies to aid their customers. Therefore there is a tough and high amount of rivalry among FedEx and its
competitors. FedEx were the pioneer of many of the e-business, supply chain and logistics related solutions which are being used by its competitors. These solutions have helped FedEx achieve economies of scale before their competitors. Though their advantage has been negated by the fast development of new, less expensive and powerful technologies which has helped the competitors of FedEx to compete with them as well as match them in many cases.

Therefore, by this it can be seen that Porter’ five forces are relevant and also been part of strategic decision making of FedEx.

Porter’s Value Chain techniques
Porter’s value chain technique is used by marketers to help them in analysing particular activities by which an organisation can gain competitive advantage and also create value for their consumers.

The primary activity like inbound logistics consists of receiving, inventory control, storing and transportation related scheduling. FedEx in their inbound activities like purchasing have used various systems and applications. These are part of FedEx’s integrated logistics solution. FedEx have used systems and applications like Global Inventory Visibility System (GIVS), Inventory Management System (IMI), Warehouse Management (WMS), Transport Management System (TMS) and Customs Clearance System. Outbound logistics consists of activities that are conducted for sending the completed products to the consumers like warehousing, transportation, delivery and distribution. In this stage of value chain, also they have implemented information technology solutions like GIVS, IMI, Multiship, Customs Clearance System, and Transportation
Optimisation System. In the manufacturing segment of value chain also they have successfully implemented information technology and e-business by enterprise resource planning (ERP). FedEx’s order management, supplier segment also has been supported by GIVS, IMI, ERP, and in case of order management they have also integrated invoicing system with IMI to make it more convenient for the consumers. In terms of support activities of the value chain FedEx’s inclination towards information technology and systems solution and also on e-business solution proved to be beneficial to them. They have also set up research facility in FedEx center for supply chain management for constantly looking out for better system and facilities to provide to their customers. They are always in lookout for cost effective solution for their customers but always keeping in consideration the quality aspect. The service part of the solution provided by FedEx is generally handled by its competent human resources i.e. their employee. They are provided with requisite training and also skill development programs, in order to serve their clients in a better way. FedEx’s foresight of putting significant importance on not only technological growth but also on manpower overall development has aided the company towards a much faster and successful progress. FedEx in 1979 implemented COSMOS, (Customer, Operations, Service, Master On-line System) a centralised computer system for keeping a track of all the packages which were handled by the company. This system used bar-code technology which helped in tracking as it relayed the data relating to package movement, invoicing, delivery, and pickup. They also started in the year of 1984, a series of technological related system named as PowerShip programme for improving control and efficiency by providing most active consumers with online service. This in turn provided value added service to the customers like label printing, storing frequently used addresses, package tracking, online package pick up