

Value

FedEx creates a value that is reliable across all customer communications. The company unifies diverse markets through standardization of products. The ideals of reliability and speed are universal and address the needs of customers irrespective of the position. The company has an online site that assists global shippers. Moreover, the company has designed a tool that allows customers to obtain information prior to shipping regarding charges for the entire shipping process. FedEx's value has differentiated the company from its competitors and created opportunities in the niche markets thus increasing the competitive advantage of the company.

Rarity

Rarity refers to the unique capabilities of FedEx Corporation. The company is more than a delivery company. FedEx maintains customers' inventory in their own warehouses. Employees of the company pick and deliver products to their customers once they receive their order. The company does so as part of the services that they offer to their clients. The service is so rare because other companies in the industry charge 10 percent for the service. It costs up to \$80 billion dollars to build one million square foot warehouse that enables companies to offer order fulfillment services. FedEx has warehouses that can enable them to offer the service (Lucas 2002).

Inimitability

The company has an advanced information system that makes it possible for precise package tracking to take place. Hardly any company in the industry offers this service. Clients are able to track their packages without conducting customer service because by just logging into the website of the company. The company has a patent for the service thus making it hard for other companies to copy it. Other players in the industry require that clients call customer care and be informed on the progress of their product. Furthermore, the company attracts the best people in the industry that can contribute an innovative culture. Together with a massive fleet of automobiles and airplanes, they form part of the enormous infrastructure of the company.

Non-substitutability

It is very difficult to sustain the competitive advantage that is generated by value, rarity, and inimitability because of the threat of substitutes. In order to dash off competition from substitute products such as e-mail, the company concentrates on express delivery of hardcopy. FedEx is currently offering delivery options that comprise of home delivery, air express, freight, and truckload, which allow customers to switch between the delivery methods thus retaining the services of the company.

5.0 Strategic Leadership

The success of individual careers and the fate of organizations are determined by the effectiveness of leaders behavior, thus, leadership is considered crucial for success (Kaiser and Kaplan). The man behind the Federal Express success story is Frederick Smith. Smith transformed FedEx from a loss-making company during its early years to a \$1 bn revenue company in 1983. Thus, FedEx became the first company to cross \$1 bn revenue figure within 10 years of inception, without going in for any mergers and acquisitions. Under the leadership of Smith, FedEx continued to register significant growth in the next two decades.

5.1 Fiedler's Contingency Model

Fred. E. Fiedler stated that leadership effectiveness is dependent on the interaction between the leader and the situation. In order to maximize performance, the situation must match with leader's style. The first major factor in using Fiedler's model is to determine whether Smith' dominant leadership style is task or relationship oriented. Most of the leadership traits of Fred Smith was influenced by his service in the U.S Marine Corps- honest, forward-looking and competent are what demonstrated about Smith, so he is more of a task oriented leader. For example, Smith delegate tasks for each business unit to build a nationwide network of mail delivery. Fiedler recommends (and trains people to) change the situation earlier than their leadership styles.

Leader-member relationship

Smith has established good relationship with employees by adopting the People Service Profit management philosophy in as early as 1971. He is genial and understanding towards his employees at FedEx and he in-turn received tremendous support and confidence from them. Smith set an example to the corporate community about the significance of employees in the success of any company. Smith has created an open, informal work culture where in the talent of employees was well recognized and rewarded. Commenting on confidence and loyalty that employees had on Smith, a FedEx employee said, "If Fred lined up all FedEx employees and told them to jump from a bridge, 99.9% would jump".

Task Structure

Smith has set the tasks less structured by stating less specific standards and procedures for completing the task by encouraging total innovativeness from employees but giving clear deadlines. In the FedEx, team leaders are empowered by giving them the authority and the responsibility to make the changes needed to improve productivity and customer satisfaction throughout the FedEx system.