

FedEx Organizational Redesign

Paving the Way towards the 21st Century

Executive Summary

MIE459 – Process Improvement Team (PIT) 8

FedEx is a shipping organization serving all customer-types, ranging from individual consumers to government organizations. With the increase of e-business in a globally-connected world, FedEx is an important driver of economic growth globally, contributing significantly to the 60B Euros of revenue generated from the shipping industry.

The goal of this document is to provide FedEx, a well-established behemoth in the shipping industry, with a 360° analysis of its current organizational design, as well as provide technological, procedural, strategic, cultural, and ethical recommendations to achieve due flexibility so as to align with the needs of the 21st century customer. In order to motivate uptake of the recommendations, the Process Improvement Team (PIT) makes appeal to the necessary shift from visioning around shareowners to becoming a customer-centric organization first, which serves as the foundation to the structure and content of the organizational redesign.

Through leveraging key organizational analyses such as Porter's 5 Forces and SWOT, the PIT has identified that the primary root cause responsible for FedEx's organizational stagnation is its "Stuck in the Middle" status on the Competitive Advantage-Market Scope matrix, having reached that point through stable maturity as a result of its current elaboration stage.

In order to revitalize the organization to streamline small-business thinking, the PIT recommends the following high-level paradigm-shifts:

- Switching from a Divisional structure (siloes decision making, lack of integration, narrow span of control, employee expendability) to a Global Matrix Structure (enabling a transforming, learning organization with coordination across services/region to provide the flexibility of a small organization while maintaining coast-to-coast brand recognition)
- Undertaking of alliances in a Collaborative Network with organizations such as Shoppers Drug Mart (centralized pickup) and UberRUSH (extended labour market) to fuel win-win outcomes, including risk mitigation, decreased costs, and higher consumer presence
- Adapting cutting-edge Knowledge Management systems such as Zendesk to enable increased collaboration, employee empowerment, decentralized decision-making and shared expertise across FedEx and its subsidiaries to transition the organizational transformation as well as support change initiatives moving forward
- Hiring change agents to be responsible for the cultural, organizational, and strategic overhaul, ensuring that individual needs from the shadow organization are aligned with the economic goal of achieving 100% customer satisfaction through reliable service performance

While companies see external factors such as globalization, speed of responsiveness, and process differentiation as threats to their business, the PIT advises FedEx to see these factors as opportunities which can be leveraged to revitalize the organization to achieve unique placement in the shipping industry and beyond, as well as reclaim their competitive edge in international and domestic markets while future-proofing against shipping market variations.