

CHAPTER 2 GLOBAL E-BUSINESS AND COLLABORATION

CASE 3 **How FedEx Works: Inside the Memphis Super Hub**



SUMMARY The inside story of how enterprise-wide systems power the FedEx Memphis hub, the world's largest air-cargo facility. This video describes the various business processes and information technologies used to process over 2 million packages a day at the Memphis Hub. . L=2:05.

URL <http://www.youtube.com/watch?v=iYzQ7JSBIGU>

CASE FedEx was one of the first modern, ground/air, overnight package-delivery companies. Founded in 1971, in 2012 FedEx is a \$43 billion company operating in 220 countries, with a labor force of approximately 300,000. In a typical day, FedEx ships over 9 million packages worldwide. FedEx provides transportation, e-commerce, and business services. Founded by Frederick W. Smith, the company was created to remedy what Smith viewed as inefficiency in the distribution system for air freight. Since that time, FedEx has garnered a reputation for revolutionary business practices, speed, and reliability. Their information systems are a critical component of their success. This video illustrates FedEx's business processes and some of those systems in action.

The route a typical package takes from start to finish is as follows: First, a FedEx agent picks up a package and scans it, entering it into the system under a unique identification number. It's then transferred to a local or regional hub, or sorting center, via a truck containing other

similar packages. Once it reaches the nearest sorting center, the packages are trucked to a nearby airport and taken to the Memphis Super Hub. The Memphis Super Hub is the largest package sorting facility in the world, handling 2.2 million packages daily with a workforce of nearly 8,000 people. The packages are scanned and sorted several times, and then placed into air-freight containers and shipped to regional airports and then to local sorting centers, where trucks make the final delivery to clients. Delivery personnel make the final scan after leaving the package with a customer. In the background, FedEx maintains an up-to-the-minute tracking system, available online to customers, which can pinpoint the location of a package anywhere in the FedEx system.

FedEx uses several types of technology to sort the packages it ships. A dimensional scanner records the length, width, height, and weight of the packages to determine their size and cost of shipping. Another multidimensional scanner reads the barcode from any location on the package except the bottom. Then, paddles nudge the packages onto different belts depending on the eventual destination. Some packages require manual sorting instead of this automated method.

VIDEO CASE QUESTIONS

1. List the business processes displayed in the video.
2. List the types of information systems shown in the video. Can you describe how systems that were not shown might be used at FedEx?
3. The system displayed in the video is an enterprise system. Why is this true? Explain your answer.
4. What are the risks and benefits of having a single Super Hub in Memphis coordinate the delivery of packages across the United States?
5. How could FedEx's shipping process be made even more efficient?

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