



LEADERSHIP MAKES THE DIFFERENCE:
How FedEx Increased Employee Engagement
to Successfully Launch a New Service

A major new service like FedEx Express Nacional cannot be effectively launched without high employee engagement.

In 2008, as part of FedEx's ongoing effort to improve express package delivery services and extend its network, the company launched FedEx Express Nacional. The service is a domestic next-business-day service across Mexico featuring delivery to any address in Mexico, as well as online tracking and tracing.

To prepare for and seamlessly manage the service upon launch, a number of FedEx Latin American departments had to assume additional responsibilities in a compressed timeframe. Specifically, each of the departments, which are headquartered in Miami, Florida, had to strive for operational excellence to accomplish the network build-out, set the pricing structure, test package delivery logistics and more.

Low Employee Engagement and High Turnover: Barriers to a New Product Launch

A major new service like FedEx Express Nacional cannot be effectively launched without high employee engagement. Employee engagement was high at most FedEx Latin American departments. However, results from the annual FedEx employee satisfaction survey indicated that one of the departments was experiencing engagement issues that were bound to interfere with the domestic service launch.

"Our analysis of survey results showed that manager-employee interactions within this particular department were below the median for Latin America, which is normally the highest-performing region for employee satisfaction within all of FedEx," said Jeff Kinsley, human resource manager, Latin America, Health & Safety.

Employee turnover in the department was also increasing, indicating that the problem needed to be addressed immediately. Yet initial conversations with the department leaders inevitably turned into finger-pointing sessions. More often than not, the managing director and senior managers believed that factors they perceived to be outside of their control, such as other people or other departments, were causing the employee morale problems.

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A Leadership Challenge: Using “360-feedback” to Identify the Issues

To address low employee engagement and high turnover, FedEx implemented a 360-degree evaluation tool developed by RealTime Performance. The goals were to (a) identify critical insight about leadership strengths and areas for improvement and use this insight to (b) increase the leadership skills of the managing director and senior managers.

RealTime Performance consultants also helped FedEx analyze the existing internal employee satisfaction survey results, which were used in an open discussion about employee morale issues with the managing director.

Using the 360-feedback Results to Develop More Effective Leaders

The 360-degree evaluation results specifically identified characteristics the direct reports appreciated about their managing director. Employee perceptions about the managing director’s leadership style that led to an ineffective work environment were also shared. One of the biggest issues uncovered was ineffective communication between the managing director and senior managers. FedEx facilitated a group discussion to uncover ways the director and senior managers could work together more effectively. The feedback available through the 360 evaluation tool also gave the managing director better insight into the leadership strengths of the senior managers. In a welcome move, the director re-aligned a few senior managers within the department so that their distinct leadership style would more closely match that of their direct reports.

“RealTime Performance’s 360-feedback tool and consultants made it possible to help people understand *why* there was conflict within the department,” said Kinsley.

“RealTime Performance helped FedEx achieve competitive advantage through increased employee engagement and leadership development. With RealTime Performance, we have been able to unlock and amplify the discretionary effort of key FedEx leaders and employees, which contributes directly to our bottom line.”

—Jeff Kinsley
HR manager, Latin America,
Health & Safety, FedEx

Employee morale within the Latin American department showed a significant 11-point improvement over the previous year.

Management Buy-In: A Critical Factor for Success

While the 360-feedback tool and consultants helped pinpoint the competencies and skills individuals needed to improve in order to get the department moving in the right direction, the issues could not have been solved without the cooperation of FedEx management.

FedEx’s HR team gives full credit to the managing director for embracing the feedback and making a number of crucial behavioral changes to address key issues. Instead of blaming low morale on external factors, the managing director took ownership of the low employee engagement results. By soliciting input from the entire department on how to improve morale, the managing director successfully involved everyone in the solution. In addition, the managing director took steps to build trust with the team by improving communication skills and recognizing and rewarding the input and collaboration of employees. By understanding the perceptions of others, the managing director was able to work on improving interactions with specific individuals. The department’s senior managers followed the lead, modifying their behaviors to improve the working environment.

Tracking Results: Improved Morale, Lower Turnover, Higher Employee Satisfaction

After undertaking the 360-degree feedback process and implementing the managing director’s changes, the department’s working environment improved steadily and employee turnover virtually stopped. Employee productivity began a steady increase as well. The department absorbed the additional workload generated by the Mexico domestic business service without adding more full-time equivalent employees. Work output from the group continues to increase today.

Perhaps the best indicator of the turnaround in workforce performance comes from the 2008 FedEx employee satisfaction survey. Employee morale within the Latin American department showed a significant 11-point improvement over the previous year.

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These improvements were noticed beyond departmental boundaries, too. In 2008, both the managing director and one senior manager from the department received a Five-Star Award, the highest leadership award possible within FedEx. And the entire 40-person department was recognized as Staff Support Department of the Year.

A Successful Product Launch

In October 2008, FedEx successfully launched Express Nacional, an overnight delivery service to any address in Mexico. By measuring employee engagement before the launch, FedEx was able to address morale issues and improve leadership skills in a critical department that was under-performing. The highly coordinated effort required to launch Express Nacional would have been put at risk if even one department was not fully engaged and performing at a high level. With the help of RealTime Performance, the under-performing department was transformed into the highest-performing team, further ensuring the success of the launch.

“This entire process allowed us to quickly identify the underlying workforce performance issues and help our leadership team build the emotional intelligence necessary to close the gap,” Kinsley said. With such positive results, FedEx continues to invest in RealTime 360 and the RealTime Performance product suite, using them to help engage employees, increase their discretionary effort and realize their potential as leaders.

About RealTime Performance

Founded in 1999, RealTime Performance delivers online training products to develop company leaders. The products enable companies to cost-effectively assess leadership skills, make targeted recommendations for performance improvement and empower employees to create and share development plans to achieve business goals. The company’s flagship Web-based training product, Inspire, provides a self-directed means for employees to manage their career development, giving them access to knowledge and skills at the “point of need.” Visit www.realtimetype.com for more information.

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