Contingency Planning to Support Operating in an Uncertain Environment

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The FedEx Brand

“Absolutely, Positively Overnight”

The “Purple Promise” — I will make every FedEx experience outstanding

• A satisfied customer at the end of every transaction
• Delight the customer
• Connecting people
• Making possibilities a reality
Delivering on the “Purple Promise”

- Ensure a well-planned & executed transportation network
- One with the resiliency to produce expected, successful outcomes even when the environment is outside the “norm”
- Plan for the unusual, the unknown, the unexpected
- Enabling success in a wide range of circumstances
Contingency Planning

Address all manner of potential disruption & minimize impact to planned network operations
Contingency Planning

Routine Contingency Planning:

- **Peak season** (Thanksgiving through Christmas)
  - Expanding capacity to over 100+% of normal
- **Special event planning**
  - Customer Technology releases
- **Special Operations driven**
  - by ‘Normal’ Holidays
Contingency Planning

Less Common Contingency Planning:

• IT outages, malicious network attacks
• Industry disruptions
  • Labor disputes
  • Work stoppages
  • Transportation network (FAA, NTSB directives, Global airspace restrictions)
• National or Global catastrophes
  • Geopolitical actions
  • Terror attacks
  • Armed conflicts
Basic Tenets of Weather Contingency Planning

- Protect Our People, Assets, and Brand
- Remain flexible & adjust to changing conditions
- Assess the risk of alternative decisions
- Central command & control to ensure consistency in communication & execution
Weather Contingency Planning in Action

Contingency plan action occurs most commonly on recurring events such as:

- Winter storms
- Floods
- Wild Fires
- Hurricanes

72 named NOAA monitored events so far in 2018:

- Tropical Storm 31
- Hurricane 20
- Typhoon 12
- Tropical Depression 9
Hurricane Contingency Process

Hurricanes impact broad geographical areas and markets within the FedEx network, and each is handled a bit differently, but commonalities include:

- Protect our people, assets, and brand reputation
- Develop extensive pre-hurricane season communications & planning parameters for all relevant support groups
- Ensure operational & support organizations maintain all prescribed impact mitigation and preparation efforts
- A broad recovery framework is developed to cover impacted areas wherever they may occur
Hurricane Contingency Process

**Landfall -5 Days**
- Meteorology dept. alert all potentially impacted areas of storm

**Landfall -5 to -3 Days**
- Monitor storm & its progress

**Landfall -2 Days**
- Daily conference calls with local operations management & corporate support team
- Actively monitor FEMA support website
- Determine where Employee relief supplies to be staged
- Determine closest market where packages for the impacted region can be staged until operations resume
- Determine alternative package routing/splits

**Landfall -1 Day**
- Evaluate need for suspension of service in impacted area (if necessary)

**Landfall 0 Day**
- When Safe:
  - Have GO-team, and local Mgt. do damage survey
  - Establish ‘Hurricane Desk’ to coordinate recovery effort
  - Send in Relief Supplies
  - Engage Properties Dept. to initiate facility repairs

**Landfall +1 Day**
- Recovery Ops:
  - Resume service ASAP
  - Utilize alternate airports & stations to serve impacted area if required
Imperatives for **Success** in Weather Contingencies

- Flexibility in network planning, line-haul, sortation, and pick-up & delivery
- Rapid response, decision making, and execution of adjusted plan
- Fast cycle communications across dozens of departments representing all stakeholders responsible to produce the best outcome
- Global Ops Control, Corp Communications, Customer Service, various staff support Planning / Engineering departments, & Operations
- Operations and Customer Service IT systems supporting the information flow relative to status and disposition of impacted packages from pick up through all alternative transportation, storage & final delivery.