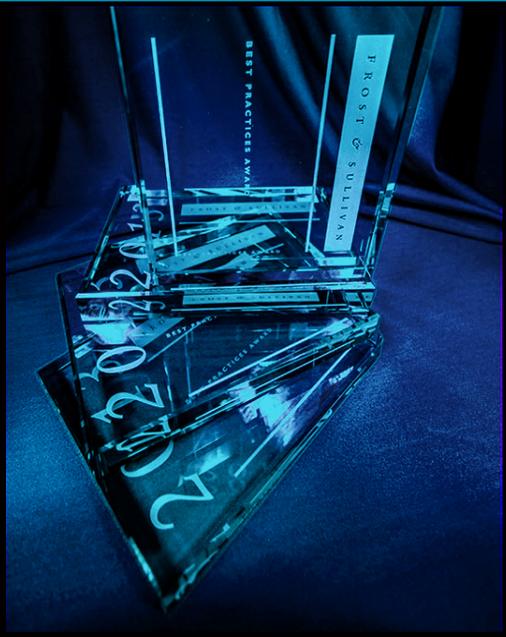


FROST & SULLIVAN



2016 East African Courier Growth Excellence Leadership Award



FROST & SULLIVAN

BEST
2016 PRACTICES
AWARD

EAST AFRICAN COURIER
GROWTH EXCELLENCE LEADERSHIP AWARD

2016
BEST PRACTICES
AWARDS

Contents

Background and Company Performance	3
<i>Industry Challenges</i>	3
<i>Growth Performance and Customer Impact</i>	3
<i>Conclusion</i>	5
Significance of Growth Excellence Leadership	6
Understanding Growth Excellence Leadership	6
<i>Key Benchmarking Criteria</i>	7
Best Practice Award Analysis for Fargo Courier.....	7
<i>Decision Support Scorecard</i>	7
<i>Growth Performance</i>	8
<i>Customer Impact</i>	8
<i>Decision Support Matrix</i>	9
The Intersection between 360-Degree Research and Best Practices Awards.....	10
<i>Research Methodology</i>	10
Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices	11
About Frost & Sullivan	12

Background and Company Performance

Industry Challenges

Kenya's transport infrastructure (road, rail, air, and ports) remains largely functional, but constrained. The World Bank's Logistics Performance Index of 2014 ranked Kenya 74th out of 160 countries. Yet, despite the constrained environment, Kenya's 2014 ranking has placed it as one of the "lead performers within the low-income group".

In Kenya, courier services companies face a myriad of challenges on a daily basis, security being one of the most pressing. Instances of theft of high-value items, such as mobile phone handsets, which are carried by courier companies and can be easily converted into cash, are particularly high. Logistics companies in Kenya have been strengthening their security systems with some investing in vault systems. Fargo is one of the very few companies in the logistics space in Kenya with a vault system.

According to the United States Department of State "road conditions in Kenya range from minimally acceptable to terrible". This is a challenge for companies that only use the road networks to conduct their core business. The challenge is compounded by the high level of danger involved in road travel at night. This is especially faced by courier companies that operate at night such as Fargo. To offset these risks, Fargo has developed a relationship with the state police to safeguard their vehicles during night deliveries.

Growth Performance and Customer Impact

Growth Strategy

Fargo Courier set up operations in Kenya in 2003 as a sister company to the corporate security and protection service provider Wells Fargo. Fargo Courier is a leading national courier service provider with over 1000 employees and a network of over 95 branches, depots, and drop-off points across Kenya.

Fargo Courier is a partner for DHL, the worldwide leader in logistics, across 86 outlets in Kenya. Fargo and DHL both have strong operations in the country as well as brand recognition and reputation; the relationship with DHL has brought significant growth results for Fargo.

The investment by the directors of the company into the business has also been directed toward the courier side. This is because the courier market in Kenya is expected to offer strong growth opportunity for the company going forward.

Above-Market Growth

Over the past decade, Fargo Courier has grown to be one of the leading courier services companies in Kenya. Part of this has been achieved by ensuring that Fargo can deliver to every corner of the country. One of the major challenges of operating a courier service in

Kenya is the travel across remote northern areas. This can take up to three days due to security concerns, poor transport infrastructure, and large distances.

Currently, the company has 95% success rate of delivering within 24 hours. There are many transport companies in Kenya which compete on price. Fargo's focus however has been on improving its speed of delivery so that it can differentiate itself from the rest of the transporters in the market.

Fargo in turn uses its service excellence to attract new clients and retain the existing ones.

Growth Diversification

Fargo Courier has been growing significantly since it set up operations in 2003. While it is a courier company that focuses on small packages, it delivers larger items too. Fargo's growth has primarily been organic, unlike some their competitors.

The company has grown through a combination of strong service differentiation and by leveraging Wells Fargo's existing client base during Fargo Courier's initial stages of growth.

Growth Sustainability

Fargo will be aiming to improve its existing service excellence by improving the use of technology. For example, it is currently looking to finalise the implementation of an online tracking system by the end of the year that will be available through its website. While inorganic growth in the courier market in Kenya has taken place, Fargo's competitors have found it challenging to grow in the country due to networks that are not competitive nor developed enough.

Customer Ownership Experience

The company makes use of testimonials on its website to highlight its client base and create a sense of ownership and pride among its customers. One of Fargo Courier's biggest clients is Safaricom, a leading communications company in Kenya, and "home" to the M-Pesa mobile money platform. For Fargo, word of mouth communication has also been one of the biggest contributive factors to client retention and growth.

Customer Service Experience

Business requires trust, and Fargo delivers this through its core values of focus, accountability, reliability, growth, and organisation.

An integral part of Fargo's strategy is to provide a solid service partner offering to its clients with the aim of making their clients more competitive. While service offerings are important to Fargo, they are not sufficient without a solid support function.

Fargo maintains a contact centre with dedicated customer service teams and client relations managers constantly monitoring all key clients and addressing ad hoc calls. This is aimed at taking a proactive approach to addressing client queries on time.

Conclusion

Fargo has built a strong courier service capability and a broad network with excellent delivery times over the past twelve years while maintaining and building a solid client base. With its strong overall performance, Fargo Courier has earned Frost & Sullivan's 2016 Growth Excellence Leadership Award.

Significance of Growth Excellence Leadership

Growth Excellence Leadership is about inspiring customers to purchase from your company, and then to return time and again. In a sense, then, everything is truly about the customer, and making those customers happy is the cornerstone of any long-term successful growth strategy. Companies that excel in driving growth strive to be best-in-class in three key areas: meeting customer demand, fostering brand loyalty, and carving out a unique, sustainable market niche.



Understanding Growth Excellence Leadership

Companies that creatively and profitably deliver value to customers ultimately set up their businesses for long-term, rapid growth. This is what Growth Excellence Leadership is all about: growth through customer focus, fostering a virtuous cycle of improvement and success.

Key Benchmarking Criteria

For the Growth Excellence Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Growth Performance and Customer Impact—according to the criteria identified below.

Growth Performance

- Criterion 1: Growth Strategy
- Criterion 2: Above-Market Growth
- Criterion 3: Share of Wallet
- Criterion 4: Growth Diversification
- Criterion 5: Growth Sustainability

Customer Impact

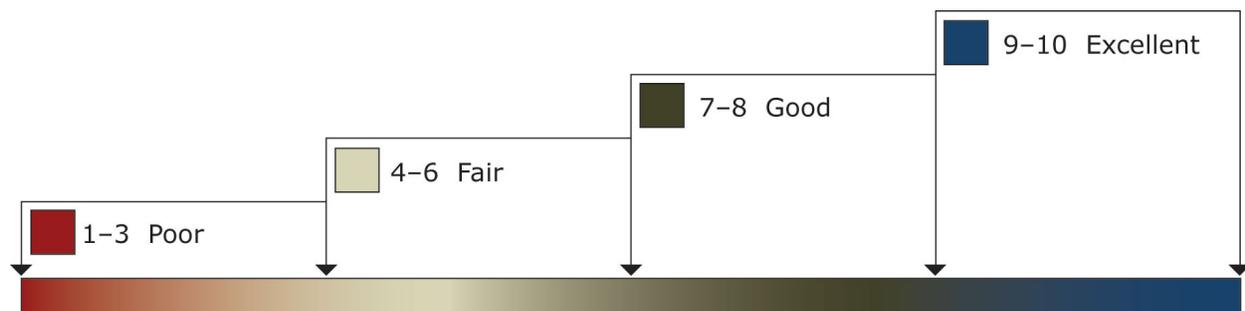
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practice Award Analysis for Fargo Courier

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are illustrated below.

RATINGS GUIDELINES



The Decision Support Scorecard is organized by Growth Performance and Customer Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criteria are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key players as Competitor 2 and Competitor 3.

DECISION SUPPORT SCORECARD FOR GROWTH EXCELLENCE LEADERSHIP AWARD

<i>Measurement of 1-10 (1 = poor; 10 = excellent)</i>			
Growth Excellence Leadership	Growth Performance	Customer Impact	Average Rating
Fargo Courier	8	7	7.5
Competitor 2	6	6	6
Competitor 3	6	5	5.5

Growth Performance

Criterion 1: Growth Strategy

Requirement: Executive team has a shared vision for the organization's future growth, and has created and implemented a strategy that is consistent with that vision

Criterion 2: Above-Market Growth

Requirement: Company's growth rate exceeds the industry's year-over-year growth rate

Criterion 3: Share of Wallet

Requirement: Customers allocate a greater percentage of their total spend to purchasing products or services produced by the company

Criterion 4: Growth Diversification

Requirements: Company is equally able to pursue organic (e.g., distribution channel optimization, new product innovation) or inorganic (e.g., acquisitions, partnerships) growth opportunities consistent with the long-term objectives of the organization

Criterion 5: Growth Sustainability

Requirement: Company has consistently sought out opportunities for new growth, enabling the organization to build on its base, and sustain growth over the long-term

Customer Impact

Criterion 1: Price/Performance Value

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market

Criterion 2: Customer Purchase Experience

Requirement: Customers feel like they are buying the most optimal solution that addresses both their unique needs and their unique constraints

Criterion 3: Customer Ownership Experience

Requirement: Customers are proud to own the company's product or service, and have a positive experience throughout the life of the product or service

Criterion 4: Customer Service Experience

Requirement: Customer service is accessible, fast, stress-free, and of high quality

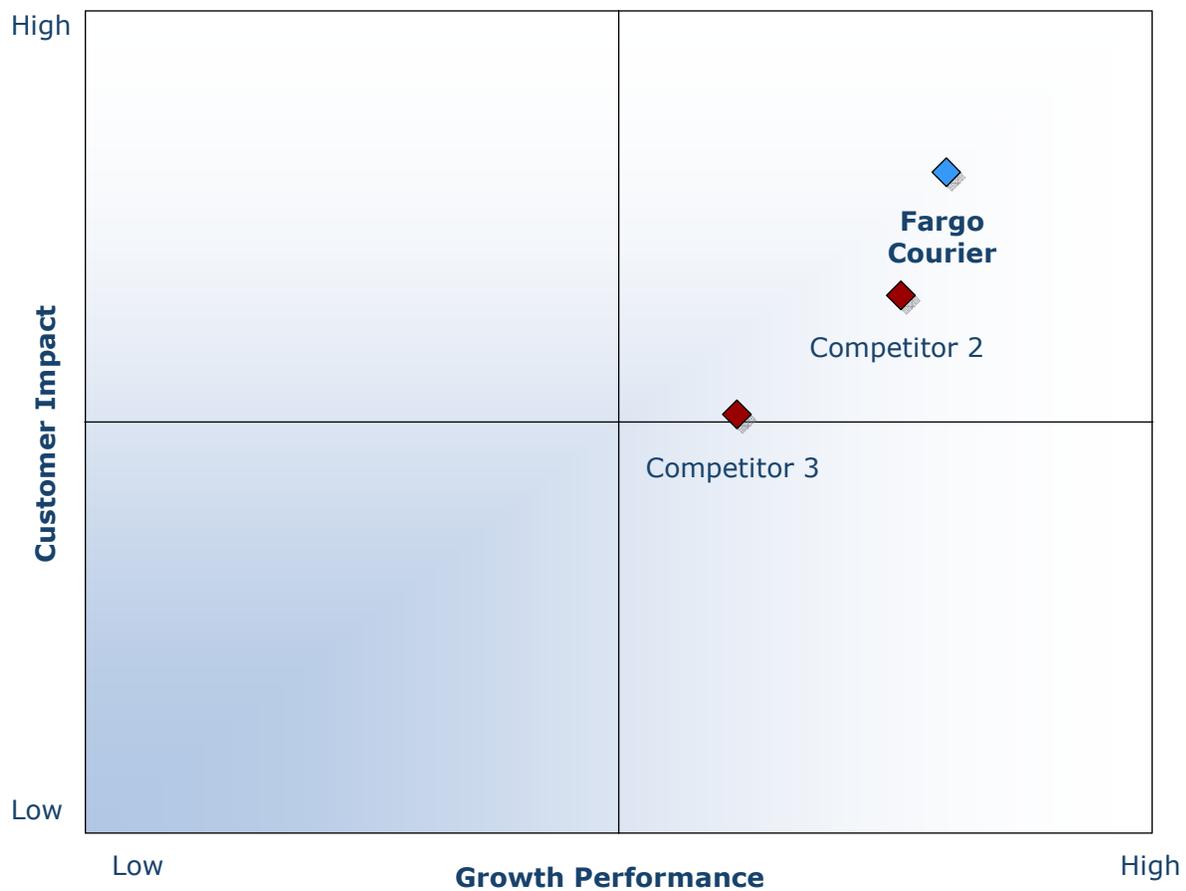
Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts can then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.

DECISION SUPPORT MATRIX FOR GROWTH EXCELLENCE LEADERSHIP AWARD



The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan’s 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often, companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry players and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan Awards follow a 10-step process to evaluate award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 Monitor, target, and screen	Identify award recipient candidates from around the globe	<ul style="list-style-type: none"> • Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies 	Pipeline of candidates who potentially meet all best-practice criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> • Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates 	Matrix positioning all candidates' performance relative to one another
3 Invite thought leadership in best practices	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> • Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps 	Detailed profiles of all ranked candidates
4 Initiate research director review	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> • Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles 	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> • Share findings • Strengthen cases for candidate eligibility • Prioritize candidates 	Refined list of prioritized award candidates
6 Conduct global industry review	Build consensus on award candidates' eligibility	<ul style="list-style-type: none"> • Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates 	Final list of eligible award candidates, representing success stories worldwide
7 Perform quality check	Develop official award consideration materials	<ul style="list-style-type: none"> • Perform final performance benchmarking activities • Write nominations • Perform quality review 	High-quality, accurate, and creative presentation of nominees' successes
8 Reconnect with panel of industry experts	Finalize the selection of the best-practice award recipient	<ul style="list-style-type: none"> • Review analysis with panel • Build consensus • Select winner 	Decision on which company performs best against all best-practice criteria
9 Communicate recognition	Inform award recipient of award recognition	<ul style="list-style-type: none"> • Present award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance 	Announcement of award and plan for how recipient can use the award to enhance the brand
10 Take strategic action	Upon licensing, company may share award news with stakeholders and customers	<ul style="list-style-type: none"> • Coordinate media outreach • Design a marketing plan • Assess award's role in future strategic planning 	Widespread awareness of recipient's award status among investors, media personnel, and employees

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best in class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.