



CEO view: Fadi Ghandour of Aramex

The Aramex story – that of a small player in the Middle East rising to compete against the biggest companies in the global transportation and logistics market – has been heralded by Thomas L. Friedman in his book *The World is Flat* as a model for companies benefiting from the ‘flattening’ of the world through globalisation – the levelling of the economic field and the destruction of barriers to entry, opening the door wide for individuals or companies anywhere in the world to collaborate or compete globally.



Fadi Ghandour

established Aramex in 1982, acting as an express courier wholesaler to North American courier companies, including FedEx and Airborne Express; consequently becoming DHL’s first real competitor in the Middle East. In 1997, Aramex became the first Arab-based international company to be listed on the NASDAQ. The company returned to private ownership following a leveraged management buyout in 2002, before going public on the Dubai

Financial Market in 2005. Today, with a network of 40 independent express companies that make up the Aramex-led Global Distribution alliance – each company specialising in its own region -- Aramex offers its customers around the world services ranging from international and domestic express delivery, freight forwarding, logistics and warehousing to publication distribution and specialised international shopping services.

Aramex has also become well known in the Middle East for its focus on sustainability. In 2006, Aramex released its first annual sustainability report, becoming the first company in the region to do so. It has also expressed a commitment to being the first express and logistics company to go carbon-neutral. Last year, the company joined the United Nations Global Compact, the world’s largest global corporate citizenship initiative, which provides a framework for businesses wishing to ensure that their operations and strategies are sustainable, particularly with respect to human rights, labour, the environment, and anti-corruption initiatives.

In an exclusive interview with INSEAD Knowledge,

CEO and founder Fadi Ghandour spoke about innovation, entrepreneurship and social responsibility in the Middle East.

Knowledge: 26 years ago, you founded Aramex from scratch. 15 years later, the company became the first Arab company to be listed on the NASDAQ. Today, with over 8000 people in 150 locations around the world, Aramex is a model company for the Arab world. What have been the key ingredients to your success?

There was no secret recipe. It was a combination of factors, including determination, belief, hard work, being there at the right time and the right place, and a clarity of purpose – although the clarity of vision came later. I was the person driving it but I was not alone, and the people around me also greatly contributed to the success of Aramex.

We recognised early on an interesting niche for us. Post offices in the Arab world were inefficient and the big players in the industry, besides DHL, were not present. So we were able to build on our regional competitive advantage based on a simple idea: to create a courier company of courier companies for the region. I never imagined in the first two or three years that we had a big entrepreneurial story. These years were very difficult years. I was very busy, travelling constantly. I knew I was on to something big only after these initial years. So the clarity only happened after three years. But even then, the recognition that we finally made it came only 15 years later when we got listed on NASDAQ.

Innovation is not something the region is famous for, but one that Aramex has built its success on. Tell us about the role of innovation in your company and in the region.

Innovation is a product of Aramex corporate culture and we have tens of innovations every year. One of our extremely successful world-class innovations is the “Shop and Ship” service, which we are now considering taking global. “Shop and Ship” was originally a product of the Lebanese civil war – when the security situations closed travel routes. For Aramex this turned into a tremendous opportunity.

It was a simple formula. Consumers can go online to get a US- or UK-based address assigned by Aramex, do their shopping and get their packages delivered to that domestic address in the US or UK. Aramex picks up (the shopping) and brings it over to the region. So again we recognized a niche. Initially, we would do it as a favour to friends and certain clients, and the service evolved and spread with e-commerce. Today it is growing at 50 to 60 per cent year-on-year. There was little advertising or marketing and, largely through word of mouth, it

caught on.

Among regional companies, Aramex is also known to have a unique corporate culture. How did you build this culture?

Purposefully. The corporate culture is a reflection of our values and from the beginning we were firm believers in nurturing and building a corporate culture based on certain values and ensuring everyone lives these values every day. Instilling these values was a process of continuous education, training and reinforcement at every opportunity. Values of empowerment, respect and innovation took a lot of effort and time to install and internalise. For years, I personally ran workshops across the organisation to hundreds of people to ensure these values are spread and trickle down across the organisation.

Corporate culture becomes particularly important to attract and retain talent, as well as to manage the talent pool. Most of our leaders at Aramex have 10 to 15 years in the company and all own stock. They feel this is their company. There will always be the people who get the training and leave, but our corporate culture and values are attracting new talent to replace them.

How do you see entrepreneurship in the Arab world?

Entrepreneurship is about not being scared of taking risk. It's about accepting and learning from failure. Across the Arab world, we see various degrees of it. In a culture where there is a corporate safety social net, where government subsidies are predominant, there is perhaps less of it; but across the Levant in places like Syria, Iraq, Lebanon, we find more entrepreneurial initiatives because of people who believed they have nothing to lose in failure.

At a personal level, you are known as someone who is in touch with the region and community. This is also reflected in the social and environmental track record of Aramex. Tell us how it all began.

Corporate responsibility has been the signature of Aramex corporate culture and goes back to the formative years in the early 1990s when we shaped the Jordanian basketball team. So, historically, we were always interested in impacting the community which we operated in and, at the beginning, although we could not have a big impact because of our size, we were still able to make a difference and reshape sports in Jordan. So that was the origin.

We continue to support sports in Jordan, and this has become part of our identity but we have since expanded into other areas including education, youth and empowerment, and today are committed

to managing our growing CSR (corporate social responsibility) initiatives according to global standards. In addition, we are the first company in the Arab world to issue a sustainability report according to international standards, a reflection of the commitment and transparency of how we manage our projects.

These activities are driven by the belief that the company is committed to delivering, in addition to financial returns on its stakeholders, social returns at the same time. Our focus on marginalised communities in education and empowerment of youth is not only about giving money, but involving our people, using our entrepreneurial skills and bringing in other business partners to take part in these initiatives.

Today there is a lot of talk about corporate citizenship and corporate responsibility from the region, but I personally don't see a real trend or strategic effort taking place. There is a lot more that needs to be done. Writing cheques is not enough.

At a personal level, community service has been part of my upbringing. I was brought up in a family that was socially engaged. I was always aware of the social issues and realised early on the need to make an impact and touch people's lives. As the company grew, I realised we were able to touch more and more lives, and although we can't solve these problems alone, building private/public partnerships can make a difference and create value, both financial and social value to our stakeholders.

Fadi Ghandour spoke to INSEAD Knowledge on the sidelines of the World Economic Forum on the Middle East. For more information on the initiatives mentioned above, [click here](#).

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