

FLAGSHIP COURIER SOLUTIONS



Howard Kruger, the fifty-six-year old founder and CEO of the Montreal-based Flagship™ Courier Solutions has a main desire for his company: To make the lives of his clients easier and to help facilitate their shipments to move from point A to point B in the most efficient and least expensive way possible. He is passionate about his work and spends a lot of his time thinking and reflecting on how he can continue to improve his services. “When I feel something is right, I put every ounce of effort into it,” he says.

Kruger established Flagship Courier Solutions in late 2005 with a strong ambition; to help small to medium-sized businesses save time and money on their shipping. “My goal,” he explains, “was to service the small to mid-sized business segment in a way that they have never experienced before. Canadian businesses, with small volume shipping needs, would now have easy access to a unique online shipping service that caters to their specific requirements and concerns, with timely personal attention”.

Since then, Flagship has become one of Canada’s leading online discount shipping company. It’s appealing and user-friendly shipping system, the uniquely designed SmartShip™, is an application which emanated from Kruger’s creative vision for the company.

Travel websites like Expedia or Travelocity allow customers to instantly compare and select discounted rates on airfare, hotels and rental cars. Flagship’s SmartShip system similarly allows its customers, as its website advertises, “to instantly compare and select discounted rates from leading couriers all in one spot, store key shipping information for future use, automatically create compliant shipping labels for each package, and track shipments in

real time.”

When Kruger launched the business, he had one client. His eldest son Josh, who had just graduated from McGill University, was helping out, and his wife Rhoda worked part-time. Today, eight years later, he has a staff of twenty-three – Josh is now Director of Operations, his other son David is Director of Sales and Rhoda still comes in to help from time-to-time – and Flagship has more than one-thousand clients and it keeps expanding. Whereas it was initially servicing clients mainly in Quebec and Ontario, it is now operating across Canada with several regional sales executives, including Daniel Rondeau who is the director for Quebec and the Maritimes.

In its first appearance in 2013 on *PROFIT* magazine’s list of the 500 fastest growing companies in Canada, Flagship ranked in 336th place and 34th among forty-six Montreal-based companies. In 2012, its revenues were in the range of \$2 to \$5 million, which represents a 150 per cent increase from 2007. Kruger estimates his revenue for 2013 in the range from \$5 to \$10 million. In May 2012, as part of the Alpha Awards, annually given out by the Chamber of Commerce and Industry of Saint-Laurent, Québec— a borough of Montreal where Flagship’s headquarters are located — to recognize organizational excellence, performance and social responsibility, the company was nominated for the award of Best Enterprise Service Company.

Kruger appreciates such accolades both for the “tremendous honour,” as he says, and also for the way it “reflects on the strength and ingenuity” of the company’s innovations and team. Yet, his motivation for establishing Flagship was much deeper than that.

Born in 1957, Howard Kruger grew up in a typical Montreal Jewish family. His father Saul, who passed away in 2005, was in the textile business and his mother Toby looked after the couple's four children. Life was good. Despite the continuing prevalence of anti-Semitism and racism in Canada after the Second World War, the Jewish community of Montreal, according to Ira Robinson, a professor of religion at Concordia University, "generally prospered under political conditions in which Jews were guaranteed equality of rights and opportunities." The labour and entrepreneurship of such businessmen as Saul Kruger, "helped make Montreal a prosperous manufacturing centre, and the most prominent city in Canada."

In the late seventies, Howard was educated at McGill University and studied science with the intention of becoming a dentist. In his second year, he met young Rhoda Segall and they both knew right away that they wanted to spend the rest of their lives together. They were married in 1979 when Howard was only twenty-two years old and Rhoda, twenty. Their first son Josh was born two years later and Sheri and David in the next 3 years which followed.

Kruger's plans to become a dentist did not work out and as a newlywed with a young family, Howard needed an income. Even then, he displayed the entrepreneurial go-getter skills that have served him so well throughout his business career. With his father's assistance, he established his own textile jobbing company. "I used to buy fabric from my father's mill, recondition it and then sell it off to manufacturers," he remembers. He did that for five years. "Even then I was the middleman," he admits. "I am not keen on the word 'broker,' yet that was what I was then and that is what I am now."

When he turned twenty-seven, he decided to try something new. He wanted to continue to work for himself and settled on opening his own courier company; Kyd Services, a messenger and transport company. He employed several car, truck and bicycle drivers. His first customers were many of the textile manufacturers and clients that he had worked with. One Christmas season a few years later, when things around the office were hectic, Kruger asked his wife Rhoda to come into the office for a few weeks to help out with the administration. "She never really left," says Kruger with a chuckle. Twenty six years later, Rhoda is still assisting and supporting him in Flagship.

An early employee was then twenty-year-old Denise Girouard, who had moved to Montreal from New Brunswick in 1984. She has worked mostly with Kruger ever since and is presently Flagship's Manager of Operations, ensuring that the office runs smoothly. She regards Kruger as her mentor and holds him in high esteem. "He was much the same in 1986, as he is now," she says. "He had the same values. He is a fair and honest person and the best boss anyone could ask for. Everything I have learned about business, I have learned from him. He has taught me how to run a company and how customers are to be treated."

By 1998, Kruger had built Kyd Services into the fifth largest local courier-messenger company in Montreal. By then, he had more than 120 contractors working for him. He also had taken the firm as far as he wanted and achieved all of his goals. One of his competitors was eager to expand his business and made Kruger an offer. "It was the right time to sell," he recalls. "It was a good fit for everyone." The sale hardly meant that he was done with the shipping business, however.

Next he transitioned into the transport business with Kyd Transport, in which he dealt with larger freight and what is known in the trade as “LTL,” or less-than-a-truckload skid shipment. He had a few trucks on the road, used contractors and as he did with Kyd Services ran a profitable business.

For a variety of reasons, Kruger decided to close down Kyd Transport in 2001. “I had another idea percolating,” he says, “but I was not sure what I really wanted to do. I had a laneway between Montreal and Toronto. I never had an office in Toronto, but I established a base there and did a lot of business between the two cities.” He also had a positive relationship with several of the larger courier companies like Purolator.

As a university science major, Kruger has always been captivated by new technology, yet never afraid of it. “In 1985 when I started Kyd Services,” he remembers, “there was not even the fax machine. A couple of years later when it was introduced, I was warned that my business would be finished. To that I said, ‘really; it is hard to fax a box of products’. So I was never deterred by that. It did not hurt the courier business; in fact, it enhanced it by allowing customers to fax in their orders.” He viewed the Internet similarly. “I looked at it as an opportunity.” But how to mesh this with the shipping industry became his next great challenge.

He had mastered the local and domestic market and now turned his attention to the international shipping business. He felt that he did not have the knowledge base to proceed and so for the first time in his life he became an employee. He obtained a job with an international shipping broker in Montreal with the understanding that he likely would leave within a few years to once again start his

own company. It was a great fit. “They were looking for a transport person and wanted to expand their business,” Kruger continues. “They were looking for a need as I was looking for a need. I helped them expand their company.” Nevertheless, he remained committed to going out on his own again.

He stayed with the shipping broker for four years, until 2005. During this period, his next venture started to crystalize. “I noticed that small to mid-sized businesses, which had low shipping volumes, were not offered the most competitive courier rates or services available in the shipping trade,” he explains. “They required the shipping service and wanted the attention allocated to larger companies, but didn’t have the connections – and I knew this is where I could put my years of transportation expertise to work. So I had identified my base, but I did not yet know how to penetrate it.”

That changed on a business trip to Los Angeles in late 2002. Kruger visited with a client in California and noticed he was using an electronic shipping application. It was strictly for the U.S. market, mainly for the trucking business rather than for small package shipping, and somewhat simplistic, still, as he notes, “the concept was there.” He made further inquiries and soon connected with the program’s designers. He undertook further research during 2003 and 2004 and formulated his idea for an online shipping company. He pitched the idea to the shipping brokerage company, but its owners were not interested. “They did not see the same light that I saw,” Kruger says.

His idea combined added value and personal service for small to medium sized companies together with the latest Internet

technology to create a tool that would benefit both parties. Kruger appreciated the position of the smaller companies and wanted to address that in a positive way. “The smaller companies require courier services,” he says, “but because of their lower shipping volume for the most part, do not receive the discounts or services that larger volume shippers would.” When problems arose, the smaller firms had to deal with it themselves, which can often be a frustrating experience for both parties. My concept was going to be a win-win-win situation.”

He also considered the relationship between the smaller companies and the courier firms from each of their perspectives, and then created a perfect synergy between them. “A big part of what we do is in giving small businesses access to the best services and competitive shipping rates available by Canada’s major couriers. We then take it a step further; connecting with the small business shippers with “hands on” customer support suited especially for them.” he says. “The couriers appreciate this since we act as an extension of their services while ultimately delivering the best shipping experience for our customers.”

His strategy was to be the so-called middleman. He would assume responsibility for taking care of the smaller companies for the couriers as well as offer the smaller companies the service and benefits they were missing out on because of their size.

The first step was to sell the idea to the courier companies, because without their support Kruger’s plans would not have been possible. He decided to target the three major couriers in Canada—UPS, Purolator and FedEx — companies which he had developed an excellent business relationship with over many years.

“I pitched the couriers,” he recalls, “and I showed them how I would make their lives easier. I told them that I wanted to be an “extension” for them and take a lot off of their shoulders especially when it came to the billing and customer service issues, and would deal with the smaller clients to satisfy all of their needs; in essence an added value service. I emphasized how fantastic this would be for them and for the clients.” His presentations worked. “They knew me and trusted me,” he adds. At this point in early 2005, he was certain that with the couriers behind him, he could move forward.

Kruger next tackled the technology. He found a Canadian company, which was creating a shipping application model. For several months, he worked with them, offering input on what the application required. He leased this application from them, and he came up with his company name Flagship Courier Solutions to go with it. By the fall of 2005, he was ready to launch the website and his next big enterprise.

Within six months, Kruger knew his instincts had been correct. One client quickly turned into thirty and the number kept increasing giving him, Rhoda, and their son Josh plenty to do. “I felt the pulse,” says Kruger. “I saw the big picture.”

By the spring of 2006, he realized that to advance the company, he could not rely on a third party for the technology he required; he had to build his own. He found another technology company that was creating interfaces and components. “They had never built anything for the shipping industry, but they had built interfaces,” he says. He explained his concept to them, made the investment, and he worked with them to produce the first version of SmartShip,

which he trademarked and branded.

The company, he says, “grew by leaps and bounds” after that. Denise Girouard rejoined him, and his sales staff started to develop as David, who recently finished college, joined Flagship in the sales department. Josh had left to pursue other educational and career interests, but returned to Montreal and Flagship in 2008.

To build up the business, Kruger used a telesales company and purchased lists of small to medium-size companies to pursue. The telesales company opened and “warmed” leads so that Howard and David could close these accounts. The Krugers stressed the added value service Flagship offered; since then, as the company’s client list and shipping volume grew, so too did the discounted rates the couriers were prepared to offer its customers. It was a win all-around for everyone, exactly how Kruger had envisioned it.

“The smaller companies were saving money and being given the service and attention that they needed,” he says, “and we were giving them this technology that was brand new. They had never seen anything like it. We had the innovation, we had the added value service, and best of all we were giving them a choice of couriers. Before, they would have to log on to the couriers’ various websites and figure it out themselves. Now, all the information was all on one site. It was saving them time and money.” As for the couriers, they appreciated the extension that Flagship brought to the equation.

Kruger says, “I knew I understood the concept to make it work. I had to carve out my own market niche and not step on the couriers toes in order to make this work for everyone. We had to show the

couriers the value-add to both themselves as well as the customers. I believe we achieved this.”

He eventually expanded beyond his main base in Toronto and Montreal and now has customer service representatives on call nearly twenty-four hours a day. “As soon as I was old enough to understand the business my father was in, he has always preached the importance of customer service and customer relationship management,” Josh says. “Right from day one at Flagship, we have worked very hard to instil an atmosphere and culture of going above and beyond what is expected of us in order to ensure our customers have positive experiences using SmartShip.”

In 2009 Kruger realized that he was quickly outgrowing the existing technology company and found a larger firm that was able to keep up with Flagship’s growing needs. Josh was working hand in hand with this outsourced company, continuing to grow the technology and systems in Smartship. In 2010, David who had enrolled in a golf academy in Florida, decided to leave behind his plan of working in the professional golf industry and returned to Montreal. After further developing his sales skills with an IT reselling company, he eventually rejoined his father and brother in Flagship. “I worked with my father,” says Howard, “and had always had my dream to work with my own two sons every day.”

Although Kruger’s relationship with the technology company was a good one, Flagship was not its only client and was not getting enough attention. In 2013, Kruger decided that further growth required still more changes. With that in mind, the most important was that he would establish his own in-house technology department to design the second and enhanced version of SmartShip. He hired

Patrick LeBlanc as Director of Technology, a programmer three weeks later, and a second one three months after that. Their work allowed Flagship to continue to expand and succeed. “Patrick’s department is now working on the third version of SmartShip which he anticipates will be launched in 2014,” Kruger states.

In its raw form, SmartShip allowed Kruger’s ever increasing number of clients to input data about a shipment, select from an array of services, and then obtain quotes from the three couriers. Over the years, more options and features have been added to enhance the site. For example, its distribution feature enables a client who has to ship any identical item to fifty of its customers to select these customers from its online address book and print out fifty coded shipping labels by one click of a button as opposed to entering the shipment fifty times.

Another prime example of what Flagship offers its clients through Smartship is their own in-house insurance program. As David Kruger states, “we are typically able to save our clients over 65% on insuring their shipments through Smartship compared to the industry average. This is another way that we go above and beyond to find the best solutions for our clients.”

There was – and is – no charge to use the application, but clients must register so that information can be stored and easily accessed. The only stipulation Kruger established was that clients had to meet Flagship’s criteria that was set out by the 3 couriers and followed rigorously by the sales team; that of being the right size company in terms of shipping volumes and processes.

“We don’t stick to one sector,” he explains. “Our clients today are all

from a variety of industry verticals. We do not concentrate on one industry, basically anyone who has to ship. There are no up-front fees or any volumes that are needed. A company who qualifies can ship once a year or once a day.” And Flagship can handle anything from an envelope to boxes, to LTL skids or full truckloads. Indeed, as it advertises, no shipment is too big or too small, and they cover all of Canada, USA or Overseas. “Anywhere the couriers go, so too do your shipments through Smartship” Kruger states.

Around the same time as Flagship’s technology department was established, Kruger also addressed the company’s marketing needs again. For a brief time, he worked with another marketing firm, but quickly realized he needed to control this in-house as well. In early 2013, he opted to hire his own full-time Director of Marketing and Business Development, Tania Fioretti. She was from Toronto and worked in the medical device industry and as a marketing consultant. She had met Kruger on one of his frequent visits to the city. “We established a great relationship,” she says, “and he thought it would be a fantastic opportunity for me to join Flagship and help the company grow to its next level.”

Like Denise Girouard, Tania considers Howard as a mentor, who has taught her much about marketing and growing a business. One major issue that they recognized and has occupied her time over the past year is Flagship’s infrastructure. “We have really focused on this,” she says. “We have examined our internal processes to make sure that the company’s operations are working properly and that we would be ready for that next leap in growth.”

On the marketing side, she has gone beyond just seeking out individual businesses and has established partnerships with

several associations and larger franchise companies. “We had a few of the franchisees as customers,” notes Tania of a promotional product company, “and thought we could increase the numbers. We therefore have partnered with that association and now have access to all of their members.” She has done three such partnerships and is currently working on a fourth.

The company obtains a lot of its business through referrals from its current clients. “Businesses in general are always focusing on more leads and sales, which is, of course, important in growing your company,” says Tania. “But we also spend a lot of time ensuring our current customers are satisfied and as such Flagship’s customer retention rate is high”. As she so succinctly declares, “Once someone ships with us, they stay with us.” Denise Girouard adds, “there is nothing more important than the personal connections to our clients.”

Having seen their father grow as a person and businessman over the last 25 years has shown Josh and David the right way to treat not only customers and suppliers, but employees as well. That is the reason why Flagship has such a low turn-over rate. “It has really been an amazing experience watching Flagship grow from one client on day one to where we are today,” Josh says.

Howard Kruger is proud of that fact. He has spent close to three decades working and teaching his staff each and every day to please his customers. “We tell our clients that we will take their shipping headaches away and allow them to do what they do best — running their businesses,” he says. “We sell ourselves on customer service rather than only dollar saving. We tell them that they might not get the lowest price, but they will get a price that

will allow them to save money from what they had been doing on their own.” They will also learn, he adds with the same sense of purpose that has defined his career, “that customer service is what separates Flagship from the competition.”



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