

Do Good Sales People Make a Difference in the Language Industry: Sales Hires vs. Acquisitions

An Inquiry

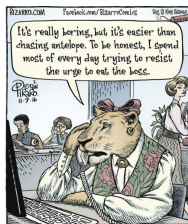
“Sales people don’t really matter.”

- CEO of \$40 million dollar LSC

- Talking to this CEO and he made the above statement
- *He continued* — “I have ten of them, adding 5 more will not change anything. Clients are not going to switch because of a sales person. They switch vendors when they are not happy. You know that.”
- To grow an LSC you need to acquire another company with an existing client base.

QUESTION — Looking to expand, do you buy a new house or add rooms to your existing home?

It is hard to find a good sales ‘hunter’



Sales Hires*

- 30% of new sales hires do not exceed one year
- Average first year revenue--\$200-400K(for LSPs under \$5 million)
- Average longevity of sales hire—24-28 months
 - Like infant mortality in 1800s US—impacts longevity statistics
- Remote US sales people/overseas headquarters—more challenges

**Based on Anzu Global records/resumes/interviews*

Challenges

"many CEOs of LSPs are not good sales people"
--the act of pointing a finger and you have three fingers pointing back at you

- Training/KPIs/Supervision
- Cultural fit
- Remote workers
- Lead generation support
- Long sales cycle (6-18 months)
- Costs
- Commoditization of industry
- Investment of time/resources

VERY GOOD SALES PEOPLE ARE HARD TO FIND

Sales hires can be a large investment for no return



I never would have predicted this outcome but he totally deserves it. Congrats to all the nominees! #NothingToSeeHere

Returns

- Increased revenue year one
- Inroads to new accounts for year two growth
- Organic growth—slow and lower risk
- Long term partnership
- Cultural fit-professional fit-long term company success
- Transperfect model—clear KPIs, quick firing

Mergers are not a guarantee of success/increased revenue



Acquisitions in Language Industry

- SLATOR reported on 38 acquisitions/mergers in 2017
- Anzu Global--Six acquisitions in 2017
 - 30-50% revenue growth in first year
 - Initial payments—25-50% of sales price
 - Funding-banks, private equity, cash
 - Five deals in US, one in Europe

Challenges

- Integrating functions
- Keeping clients
- Changing culture/bosses
- Finding synergies
- Integrating personnel
- Charting a new direction

Returns

- Inheriting an established client base/relationships
- Growing account successfully with more 'feet on the ground'
- Increase your company revenue exponentially
- Find synergies
- Establish new verticals
- Grow in a region/country/language specialization

Sales hires vs Acquisition



Sales hires vs Acquisition

- DEPENDS

What is the owners interest/proclivity/long term plans:

- Size of business—monopoly game—size does not matter
- Access to revenue
- Ability to train, supervise and grow a sales force
- Risk averse/risk taker
- Talent evaluator

Growth

- Acquisitions-vs sales hire
- Rate of revenue growth is much higher thru acquisitions
- Larger investment—better odds of success
 - History/track record of company vs history/track record of individual
 - Flying a plane or driving a car to your destination
- DO GOOD SALES PEOPLE MATTER—YES
 - It is just hard to find a good sales person
