

Language M&A Best Practices: Advice for ‘Walking the Plank’

GALA Panel Discussion

Expert panel including Justin ‘Bucky’ Buckhold, Michael Marsan and Hugo Rizzi will share ‘dos and don’ts’ on the buying and selling a language business

Walking the Plank;



Walking the Plank

- Stark image—an important event you cannot control outcome:
 - the night before getting married
 - first corporate public presentation
 - Music or dance recital
- Fear and uncertainty—you cannot control the outcome...these panelists will discuss their experiences to help you prepare in advance

Seller: Prepare to walk the plank

Study the water temperature, the fish and how close is the land

- Talk to multiple colleagues who have done this.
- Read about and listen to presentations...like this one
- Determine realistic pricing/amount you need to exit
- Decide and prepare to defend the status of your employees
- Find good M&A lawyer Good accountant—helps ensure a safe landing
- Good broker, adviser, consultant, investment banker who has done this before.

Preparation

“And so you just threw everything together Thomas. A posse is something you have to organize”

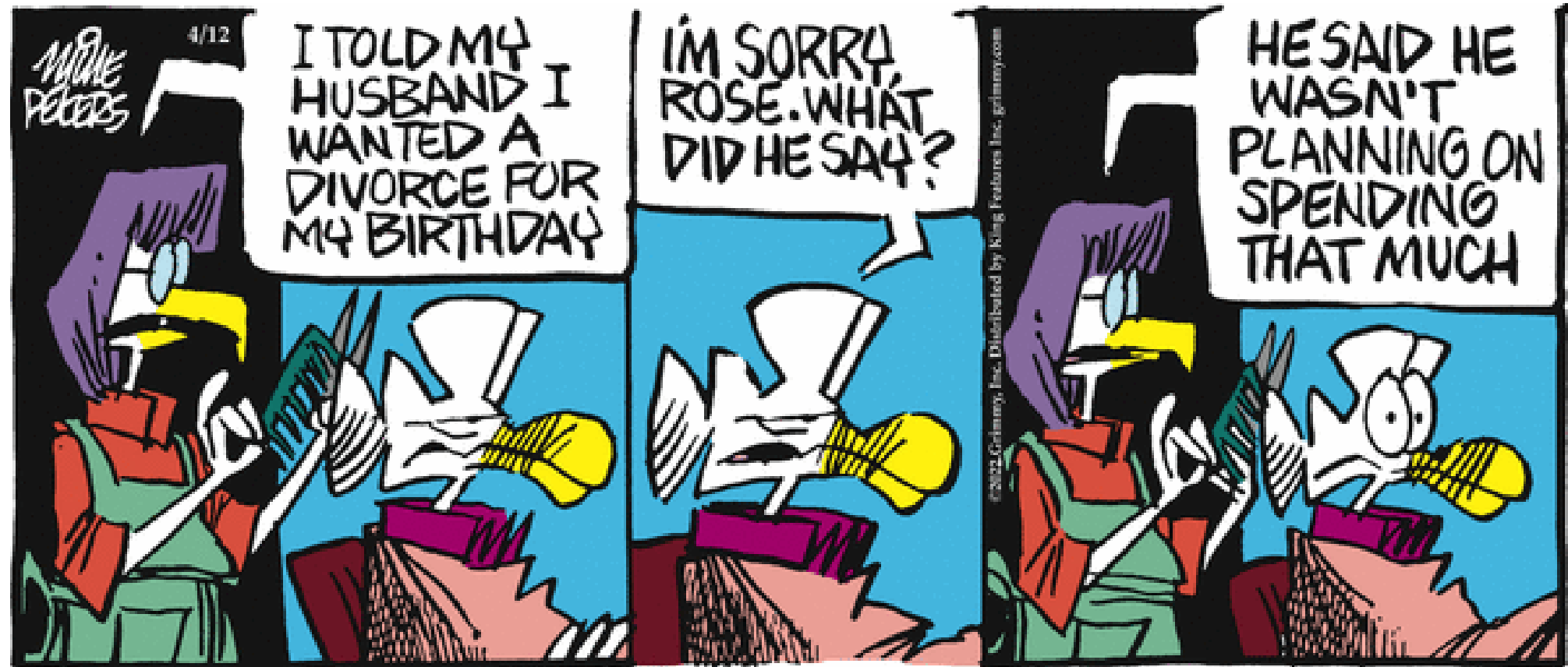
Buyer: Prepare to walk the plank

- Talk to buyers from your industry—read and review presentations
- Attend Industry events: Slator, GALA, ALC, Nimdzi
- Determine amount you can spend
- Secure the funding—cash, bank, SBA loan, investors
- Decide on target acquisitions—
verticals/location/profitability/technology
- Allocate resources for legal and accounting needs(LOI, P&S, Due Diligence)
- Choose method of finding Sellers: Broker, network, advertising

Pricing

- Know the multiples of Ebitda for the language industry
 - Track the direction of revenue/profits
 - Determine strategy for growth
 - Weigh the opportunity, fit and competition
-
- Then walk the plank

Pricing Expectations



People and Culture

- Overlooked
- Not like buying/selling a house
- You are going to be housemates—how do you get along
- Seller wants to keep all the employees employed—Buyer wants to cut costs...not a fit

Walking the Plank...then what TRANSITION PLAN

- Walk the plank-then jump and swim. Marriage ceremony-then marriage.
- During the purchase process, work together to create a 6-12 month transition plan
 - How long does former CEO stay
 - Who replaces them—who trains them
 - How to integrate the technology
 - Adding or subtracting personnel
 - Who is running the process
 - Hiring external consultants to do this

LAWYERS

Can tie you up tighter while walking the plank

- Know the lawyer
- M&A experience required
- Educate them about the strategic fit
- Lawyers can often be the lead weight in deal—do not let that happen
- If most of key criteria are met—let lawyers fight out details and you referee
- Use common sense
- Do not get tangled up in:
 - Fifty-page contracts, insolvency, confidentiality, indemnifications, deliverables

Best Scenarios to walk the plank

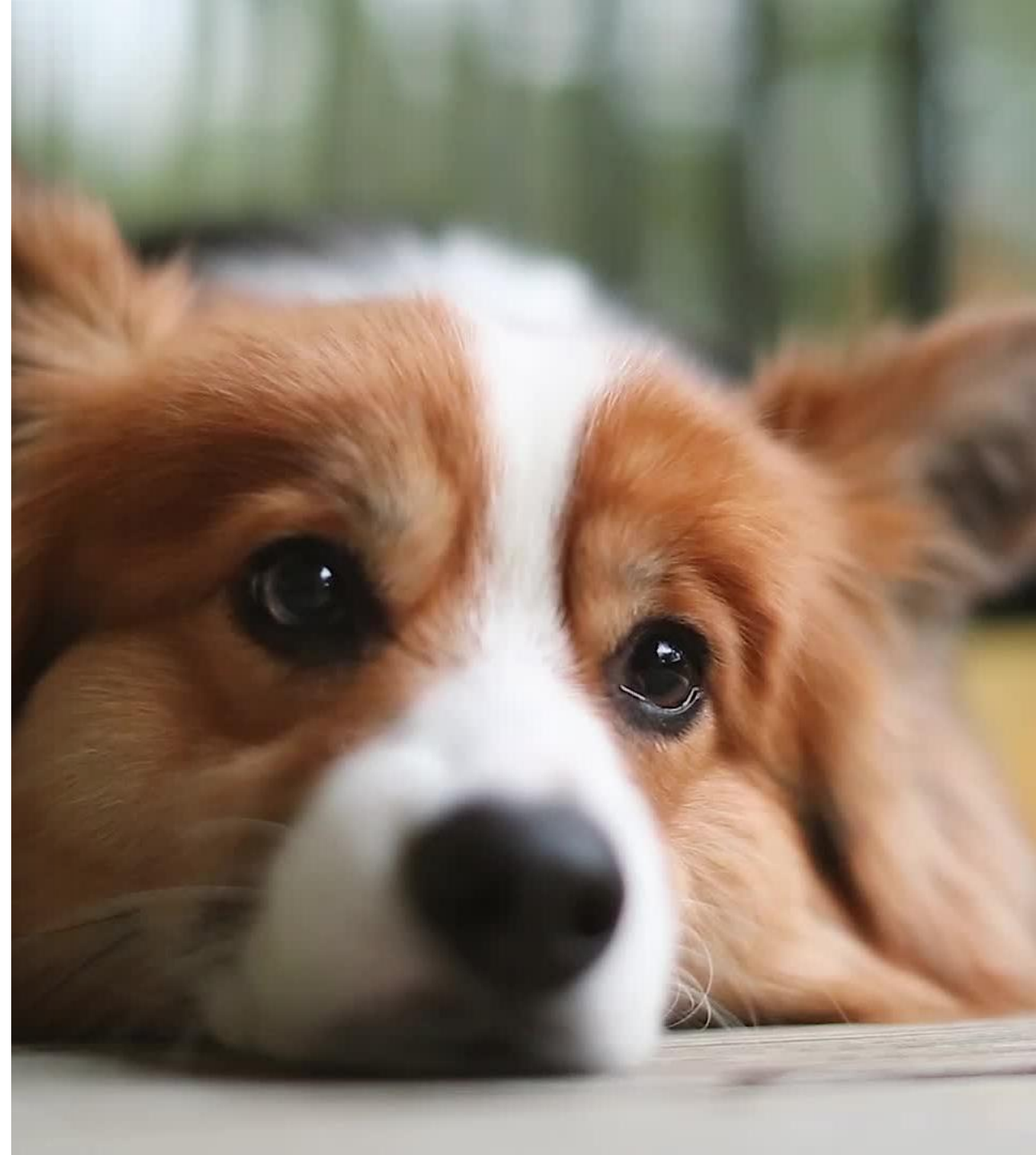
- Seller and Buyer know each other—have worked together
- Seller and Buyer like each other—good cultural fit
- Good strategic fit
- Right price—right technology—right location
- Right deal structure—earn out or upside—mitigating risks for both sides

THEN JUMP

Measure Twice and Cut Once

- Nothing is perfect
- Not a life partner, a house, **a pet** or a Language M&A deal
- Determine your strategy, find a match, check references, meet, LOI, do due diligence, P&S
- Add faith, trust and

JUST JUMP



Good news—positive outcomes

- Language Transactions has done 35 Language M&A deals
- To date—they have all been a success—some took a few years
- Walking the plank is not as dangerous –if you prepare to swim

Walk the Plank

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