



Language Service Provider Growth Factors

*Characteristics of the Fastest-
Growing Translation and
Interpreting Companies*

By Nataly Kelly and Vijayalaxmi Hegde

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Topic

Why We Wrote About Growth Factors

Language service providers (LSPs) often ask us, “How can I make my business grow even faster?” “What do the top-ranked LSPs do differently from other companies?” “Will offering some services make me grow faster than offering others?” “Won’t technology slow down my growth if my clients find faster and cheaper ways to do things?”

Growing a business is something that every entrepreneur sets out to do. In most cases, for a company to be successful, growth is imperative. However, we also find that some suppliers in the language services industry grow too quickly and cannot keep up with the pace. So, whether it’s viewed as a blessing or a curse, growth is a popular topic of discussion among language service firms.

Past Findings on This Topic

Common Sense Advisory has written about LSP growth factors in three major areas of its research:

1. **Annual rankings and market sizing.** Each year, we publish a list of the top-ranked language service providers and discuss not only the growth of these companies but the underlying growth of the market at large (see “[Ranking of Top 20 Translation Companies](#),” Jul05; “[Ranking of Top 20 Translation Companies](#),” Mar06; “[Ranking of Top 20 Translation Companies](#),” May07; “[Ranking of Top 25 Translation Companies](#),” May08; “[Ranking of Top 30 Language Service Companies](#),” May09; and “[The Top 35 Language Service Providers](#),” May10).
2. **Company valuations and exit strategies.** We’ve written previously about the importance of foundational stability for companies that want to achieve sustained growth. Companies that want to create lasting value also need to take into account their turnover and how it changes from year to year (see “[LSP Valuations and Public Company Comparables](#),” Nov10, and “[The Owner’s Guide to Maximizing LSP Value](#),” Apr10).
3. **Business confidence and quarterly growth.** Every three months, we conduct surveys on industry business confidence in which we ask if companies plan

to add more revenue or hire more staff, and highlight the issues that limit their growth potential (see "[Business Confidence Rises in 2009](#)," Feb10; "[Business Confidence in Language Sector](#)," Mar09; "[Global Business Confidence Survey](#)," Feb10; "[Business Confidence Trends Up in 2009](#)," Jan10; and "[Business Confidence Rises in Q1-2010](#)," Jun10).

How We Carried Out the Research for This Report

The data for this report is from our annual global market study (see "[The Language Services Market: 2010](#)," May10). Based on that research, we built a directory of tens of thousands of LSPs and invited them to participate in a survey in which we collected more detailed information, including revenue data.

A total of 839 unique companies filled out our global survey, and of these, 392 companies provided exact revenue data for the three-year periods we analyzed. We asked the remaining 447 firms to provide their revenue by selecting from a number of revenue ranges. By using the midpoints of each range for the 447 firms that selected revenue ranges and combining these with the actual reported revenue from the other 392, we were able to determine the change in revenue from one year to another across the entire sample of 839 firms.

To provide a clearer picture of the correlation between growth and other LSP characteristics, we looked at a variety of issues – what services they offered, how they classified their businesses, how many employees they had on staff, which services were growing the fastest, along with many other factors. In the section that follows, we share the findings of this analysis in order to show how these issues affect the average rates of growth of language service suppliers.