

THE Name's THE Game

*How infoUSA
Chairman Vinod Gupta
brings people together*

BY HENRY CANADAY AND GERHARD GSCHWANDTNER

"The little village of Rampur, near Saharanpur in rural India, doesn't mean much to anybody, but it means a lot to me, because that's where I grew up," says Vinod Gupta, founder and CEO of *infoUSA*. His dad was a physician who is still practicing medicine in India at age 90.

When Gupta grew up, there were no schools for girls. He explains, "Girls simply got married and had kids." After Gupta came to America, he made his fortune in the mailing list business, and decided to give back by building the first Woman's Polytechnic School in rural India. Says Gupta, "We have a saying in India: When you educate a man, only one person gets educated, but when you educate a girl, you educate an entire family."

In 2000 the school opened its doors to 900 students who receive education in computer science, fashion design, textile design, and secretarial skills. Gupta's vision for change in his village has not only been inspired by his entrepreneurial spirit, but also by an idea propagated by Mahatma Gandhi, who said, "Be the change you want to see in the world."

When Gupta attended college in India, he wasn't at the top of his class, but he was asked to attend summer school to improve his grades. By a twist of fate, he met an American professor in the summer program who inspired him to reach higher, improve his grades, and then

apply to the University of Nebraska, where he got his MBA in 1972. Gupta started his career in marketing for the Commodore Corporation, a mobile home manufacturer in Omaha, NE, where he created sales leads by ordering a copy of every Yellow Pages directory in the U.S. He told *Selling Power*, "The directories were free and they filled an entire room." He quickly realized that nobody had thought of creating a national directory, and the idea led to the launch of his business. Today *infoUSA* is valued at \$600 million and employs 5,000 people who serve over 4 million customers worldwide.

Growing Sales through Acquisitions
The new firm grew slowly at first. "Until 1977, I was not sure the business would survive, whether I would be able to make my home payment," Gupta told *Selling Power*. By 1990 the business reached \$26 million in sales and Gupta began expanding through a string of highly successful acquisitions, more than three dozen to date.

While corporate America tends to be heavy-handed when it comes to buying companies (a 2006 Accenture survey revealed that more than 50 percent of acquisitions fail), Gupta has elevated acquisitions to an art form. "For every 10 companies we look at, we only take one company," he says. "The other nine deals we don't do because we find that the cultures will not match;



they will not be happy with us."

The first acquisition was with \$6-million-a-year Compilers Plus. Gupta established a simple, yet highly effective model for integrating the new company, "We left the owners in place and let them operate the business," he says. "I think it's a mistake to try to change the management, or put our own person to manage the business."

Gupta seeks firms whose managers plan to stay with the business. "People say the owner is leaving the company you are buying, and you've got to put somebody else in charge, and I say, 'no.' Now we don't do any deals unless the owner is going to stay. We tell them up front, 'If you plan to retire, we don't want to work with you.'" He remembers a lesson from his business friend in Omaha, Warren Buffett: "Deal with people who are already rich."

But why would business owners want to sell their company to *infoUSA*? Partly because exploiting high-tech tools for delivering and managing leads requires scale and capital. Gupta says another attraction is liquidity. "They say, 'I don't have all of my eggs in one basket anymore. I have a nest egg, and now I am working for fun.' It is a lot easier to run a business when you know you are running it for fun." Moreover, without the liquidity a major corporate parent provides, "people are afraid to take risks."

When people meet Vinod Gupta for the first time, they are surprised by his engaging personality. His deep baritone voice resonates confidence. He has the social skills of a diplomat (President Clinton

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offered him an ambassadorship, which he declined), and his multicultural experience is a huge asset when it comes to negotiating deals. One company owner who recently joined the *infoUSA* family said, "It was a lot easier than I thought."

To put potential prospects at ease, Gupta invites company managers to visit *infoUSA*'s offices and meet the corporate team. "We basically have what I call the family unification," Gupta says. "We invite them to a strategy session where they meet other managers and ask questions." He wants everyone to meet the managers who have previously joined the family so they are "not in the dark and not surprised." Gupta estimates that over 60 percent of

his acquisitions grow faster after joining *infoUSA*, and cut their unit costs as well.

Managing the Acquired Companies

Gupta ensures that everyone on his team is tightly focused on customers. "We look every month to see if they have lost any customers, the attrition rate, and why they lost those customers," he explains.

Then the discussion moves on to relationships that might be at risk, the reasons and possible remedies. "What can we do? Is it technology? Is it client service? Is it pricing, or what?" Sometimes managers report they are holding on to a customer but losing money. Then Gupta wants to know if costs are too high and how to reduce them.

Gupta wants to be the low-cost quality provider to each of his many markets and hold bureaucracy down. He is constantly reviewing revenue per employee for each

frame computers, then on personal computers fed by floppy diskettes. Today even more data can be streamed instantly to potentially millions of users over the Internet. Each will be able to exploit all this data, better and less expensively, than huge, centralized marketing departments could in the past. "A small sales force or a single salesperson can spend \$75 per month and have access to all of our databases – and they can map, slice, and dice the data to fit their needs." Gupta notes.

Gupta emphasizes that quality equals productivity. *InfoUSA* obtains its business leads from many sources. But many of the original names and contact details may not be valid, because firms go out of business or reorganize, people retire and move on, and locations shift. Gupta has tasked 150 *infoUSA* employees to make 20 million calls each year to verify and update

these contacts. Although Gupta wants to be a low-cost provider, he will not skip this verification step, because the alternative is that his customers – salespeople – will pay much more in wasted time, returned mailings, and lost opportunities.

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Super Bowl Dreams

Someone once said that big dreams grow in small villages. Gupta's success is a progressive realization of the dreams he hatched back in rural India. Last year he

"OUR BEST MANAGERS ARE THE ONES WHO ARE NICE PEOPLE."

unit and benchmarking this ratio with competitors in the unit's segment. He also wants to leverage the strengths of the larger *infoUSA* family in both selling and providing services. "We discuss cross-selling, how can they get customers who may be customers of other divisions. And if they need help, we can tap into a huge reservoir of internal resources."

Managing Innovation and Productivity

Gupta keeps his hands on the wheel, steering a steady course towards innovation and productivity. Division managers are generally responsible for driving innovation. "They know their business, so they come up with the new ideas. You may get a hundred and only implement one or two because of the risk/reward ratio." Gupta only wants to know cost, potential payoffs, and timing. "I don't ask for a 20-page report." And he is willing to make or allow mistakes, as long as they do not threaten *infoUSA*'s survival.

Despite the amazing growth of the company, Gupta says he is still in basically the same business he was in 35 years ago. The core focus of the company is still to enable salespeople and marketers to be more productive, increase revenue, and cut costs. What has changed a lot – for *infoUSA*, its customers, and competitors – are the tools available for reaching prospects, which is just fine with him. "Every time a new technology came, it helped us," Gupta says.

Lead databases were originally compiled on 80-column punch cards and main-

Creating a Winning Sales Force

InfoUSA's own sales force, about 1,500 reps, are equipped with Salesforce.com and trained thoroughly. "We focus on the core values of selling: honesty and integrity," Gupta explains. "The worst thing you can do is build up expectations and deliver disappointment." To keep the sales force running in high gear, Gupta personally meets reps of *infoUSA*'s divisions once a month. When a salesperson meets a threshold level, Gupta hands out a golden *infoUSA* coin that can be redeemed for cash or saved for a yearly trip. Gupta is convinced that sales success is the result of preparing people for a never-ending journey to excellence. His key drivers to productivity are solid training, clear objectives, and motivating incentives.

Gupta asserts that successful salespeople work best within a competitive compensation plan. His best reps selling over the phone to small businesses can clear \$100,000 to \$150,000. Gupta says some of his salespeople who sell to big companies can make up to a half-million dollars, and a few of them earn more than a million. Like many successful entrepreneurs, he takes great pride in having created dozens of millionaires during his successful career.

Gupta explains that the keys to effec-

wanted to increase sales for a new service offered by Sales Genie. He thought of running a commercial at the Super Bowl. Many marketing experts advised against it. A number of people thought he'd lost his marbles when they heard that Gupta himself wrote the initial script (in a half-hour), hired a video crew, and shot the commercial in 10 days. His 126-word script showed a successful salesman in a Ferrari, getting the attention of an attractive woman, getting the attention of his boss, and getting the admiration of his co-workers. How? He used Sales Genie. The call to action: Call to get 100 sales leads free. *USA Today* called it the worst Super Bowl commercial. Gupta didn't mind the bad review, saying, "When the commercial hit, our Internet traffic skyrocketed, our switchboard lit up, we had to hire 20 people to handle the extra calls. Our salespeople had to work late at night for four weeks to keep up with the new orders. We sold more than 2,000 new subscriptions, and we made a profit on the commercial."

Vinod Gupta's long history of successes has made him a multimillionaire. Although he rubs elbows with some of the most powerful people in the world he has not forgotten his humble beginnings, nor has he forgotten where his wealth came from, saying, "We come to the world with nothing and we leave with nothing. I believe that the wealth should be given away to the society that gave it to us." He has created a foundation that bears his name. It will ensure that his generous nature will outlast his naysayers by a hundred years. •



The William Jefferson Clinton Science and Technology Center



The Vinod Gupta School of Management



The Shrimati Ram Rati Gupta Women's Polytechnic

VINOD GUPTA GIVES BACK

Vinod Gupta has a straightforward approach to charitable giving. As he told *Selling Power* Publisher Gerhard Gschwandtner, "If you can afford it, then you should do it."

The success of *infoUSA* allows Gupta to be very generous. The Vinod Gupta Charitable Foundation focuses on people who cannot afford to give, but can make very good use of gifts. The Foundation started giving where Gupta got his own start, in India.

In 1993, the foundation started the Vinod Gupta School of Management at Gupta's alma mater, the India Institute of Technology in Kharagpur. Now the foremost business school in the IIT network, the Gupta School offers four semesters of study and residency, plus a six-month internship, toward a Masters of Business Administration. About 120 students earn their MBAs each year. A post-graduate course serves working executives in a flexible, nonresidential program.

Gupta followed up on the success of the business program by establishing the Rajiv Gandhi School of Intellectual Property Law, also at IIT, Kharagpur. This school was prompted by the success of IIT graduates in creating a vigorous software industry in India, which competes and collaborates with software giants around the world. Smart, technically adept lawyers are needed to protect India's intellectual property rights. Construction began in April 2006 and the Gandhi

school will educate about 75 attorneys each year, some eventually through the doctorate level.

The village of Rampur has more than doubled in population since Gupta grew up there. And, thanks to his foundation, seven years ago Rampur welcomed the Shrimati Ram Rati Gupta Women's Polytechnic, which is now training more than 900 women in computers, textile design, arts, education, interior design, and more. The school has state-of-the-art facilities, including an auditorium, restaurant, and gymnasium.

Rampur is the home of another Gupta Foundation project, the William Jefferson Clinton Science and Technology Center. With a campus of 10 acres, the new center trains potential candidates for engineering and medical schools in physics, biology, chemistry, agriculture, and computer sciences.

Gupta plans to follow up this latest project with a complementary version, The Hillary Rodham Clinton Mass Communication Center. Here young women will get a chance to move on to college-level courses in journalism, communications, public relations, media management, television work, and the latest tools for Web design.

In all, the *infoUSA* chairman has invested more than \$20 million in these and other charitable activities, and there may be more to come. "My philosophy is that, after I die, everything will go to charity," Gupta told Gschwandtner.