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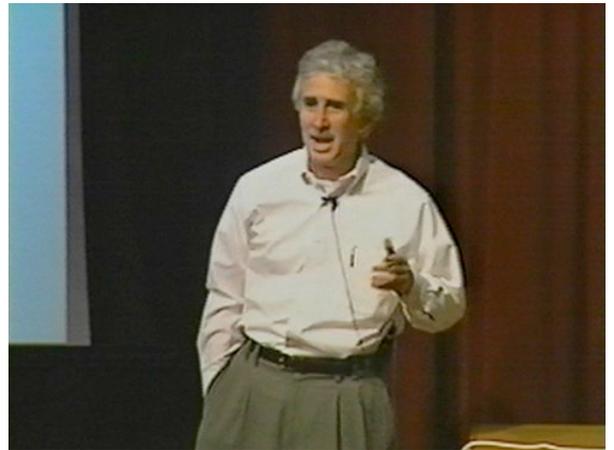
You Need Little Capital

Frank Levinson, *Finisar Corporation*

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Video URL: <http://ecorner.stanford.edu/videos/656/You-Need-Little-Capital>

Number 8 in Frank Levinson's Top 10 Things You Must Have to Start a Business. Levinson believes you need "too little" money. He uses the famous coconuts from "Monty Python and the Holy Grail" as an example.



Transcript

Okay the next thing you need is too little money. This is really important. I put low on the list cause, you know, it's a great picture. Does anybody know what this is? Can you see it? Do you know what movie that came from? How many people have seen Monty Python found the Holy Grail? Okay. Terry Gilliam gave a talk and then after the talk, he stood around and was talking to people and he said, "You know, in those days, we didn't have enough money and that was really a good thing." Then someone said, "How can that possibly be a good thing? To not have enough money." And he said, "Well for example, you know, when we filmed Holy Grail, we didn't have enough money for horses." What's the joke, right? You got to have the coconuts, right? It's the best joke in the movie. But they, they had to innovate instead of spend. So, growth have, growth in ideas in my opinion, they happened best in very lame companies. You have too much money, you'll, it's not necessarily the better. The second point in the company, is just one of these things that they don't teach in B-school but I am a teacher today. Any money in the company, it's your money if you start that company.

The moment the VC gives it to you, it's not his money. It's yours. Treat it like it's your money. Better yet, use your money, then you'll treat it like your money. Drive yourself to innovate and not spend for success. It's an easy lesson to see after the .com but it's always been true. Money sources. The best money source is customer money. Start with customers. Find ways to get your business started with customers.

If you can, they'll fund it. Next, use your own money cause you'll treat it better. Next, use bank money. They're a lot freer with money. Go borrow against your house. Go borrow against receivables, you know. Next, angel money. They're a lot more connected and they've been through the experience that you have. And last, honestly, for some of VCs in the crowd I apologize, but go to these guys last. They're going to extract the most and so on.

And there's another reason to go to them last because if you go to them last is because you finally really have a good reason for all their expertise. You're on your way to going public and you need sums of money that they can to really move you along. Early on when you're starting, remember the coconuts.