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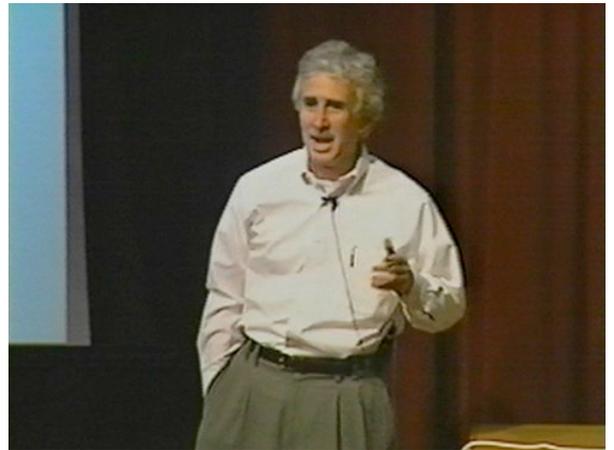
Sustenance of Growth Rate

Frank Levinson, *Finisar Corporation*

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Video URL: <http://ecorner.stanford.edu/videos/667/Sustenance-of-Growth-Rate>

The rate at which a company grows will vary for each individual venture, says Levinson. Sustaining the growth can be a tricky thing. He explains Finisar's rapid growth and weighs the pros and cons of quick growth and sustainability.



Transcript

I'm really fascinated with the idea that this company is growing at 100% a year. Does the organization double in size as the sales go up and how does the organization grow in parallel with the sales? Also, how long do you anticipate that you can keep up that growth rate? Also, is there any downside to growing at that rate? Wow, three questions. No, it doesn't scale all the time and with people, it sorts of goes in spurts and you break through some boundaries with ways you do things. The second part of the question was: are we going to keep doubling and the answer is no, we're going to try to do as well this year as we did last year. And if we do that a little bit better, we're going to consider ourselves heroes in today's market. We had over the last year, and I'll try to draw it from your way, there's a line going up into the right, we came off that line and then when the recession hit, it hit the hardest in the optical component sector which is ours and we literally, we've had two down quarters and we announced in August that we thought this quarter will be flat or slightly better. We haven't retracted that which should end in Sunday so I can't tell you what's happened but anyway, I'm hopeful. What was the third part? Is there any downside to growing at this rate? Yes, it is incredibly stressful. It's stressful for a very human reason. You hire people based off and on their skills to be able to do a certain problem.

What happens is as those people grow, the company's growing and the people are growing with you but here's the company, sometimes someone does this and they flatten off. It isn't bad. It's just that's just what they want out of life. There was a wonderful fellow that came from us right out of college and did software and hardware and things and we were growing enough that I needed someone to help lead and manage people and I took him out to lunch and we talked about it. I said look, I really want you to do this. I'll mentor, I'll help you, I'll work with you. But he said no, I don't want to do that. I think it got back to his family even that he turned it down. They were all upset about it, but it just wasn't the right thing for him. So partly what it is, is as you're growing that fast, that means every three years, you're eight times where you were three years earlier.

That's a huge change if you think about in your life. So it's a very stressful thing. The amount of ways that people relate to each other are changing very fast and your company is structured has to change very fast. So yes, stressful.