

URL: <https://stvp.stanford.edu/blog/videos/real-sales-and-customers-in-business>

Number 2 in Frank Levinson's Top 10 Things You Must Have to Start a Business. Levinson talks about how a real business involves selling to customers and receiving money in return. He warns new businesses not to shy away from selling their products early on. He also gives advice on recognizing a real customer.



Transcript

Number two, we've been talking about all long, sales.. This is a Finasar graph.. This red line is a perfect compounding of 100% sales growth a year for 14 years.. This is what Finasar did, the blue.. You know what's the most important thing about that graph? Those three points right there.. We funded the company on those three points.. Customers paid us money.. We spent it.. We didn't go get VCs.. We didn't have to give away the company..

Our market developed very slowly.. We had the same module almost that we're selling today in 1990.. By 1994, we were selling maybe dozens, maybe 100 a month, I don't know but there was no amount of money that would have made a difference.. It would have been like trying to get nine women in a room and have a baby in a month.. It's not going to happen.. Same thing here.. Have sales, get them started early.. Always have sales from the beginning.. Love your tough customers.. Love the ones that are saying no, this isn't good enough for me, take it back..

If they're little, be careful but if they're not, if they're great big companies and they're willing to work with you and you're that small, it's because they see something they really want.. Honor it.. Stick with them.. Keep making it better.. Never give up.. Never discount what customers say.. Here's the next one.. A customer is someone who actually sends checks for products received after placing POs.. That is perhaps the most important thing I would tell you.. You have to have customers and that's what one is..

A customer is not someone who likes your idea.. He is not someone who talks about huge volumes, needs free samples, wants to do co-development, needs a little more sucking up.. A customer is someone who places POs and sends checks.. That's very important.. Real sales are commitments that you must have to be in business...