

The Top 3 Challenges Between Launching & Scaling Your Hardware Startup

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Each stage of launching a hardware startup comes with its own set of challenges. While the challenges are unique for each business and each industry, below are the top three universal challenges we have seen arise time and again.

As you read through the two lists, you will notice a theme developing between the stages. During the launch phase, the challenges tend to focus on the startup founder and business acumen. As the hardware startup scales though, the challenges tend to focus more on the manufacturing side of the business. This is why the importance of finding the right manufacturing partner for your startup from the get-go cannot be stressed enough.

Challenges when **launching** a hardware startup:

1. **Funding.** Whether you plan to bootstrap or seek outside assistance, funding is typically the main hurdle. Unlike software development, hardware development requires a large amount of capital for prototyping, testing, packaging, and tooling/mold for production manufacturing. The initial round of funding will usually suffice through the development and prototyping stages, but will likely require additional funding once the product is ready for production and distribution.
2. **Lack of Knowledge.** Most startups do not have the internal resources and knowledge to plan and thoroughly develop each product development stage. This lack of resources means that necessary design, prototyping, testing, certification, and manufacturing requirements can get overlooked. Main challenges with the manufacturing process include, vendor management and supply chain resources. Both of which are critical to developing a successful startup. In order to combat these challenges, connecting with outside product development firms/resources and experts will not only help accelerate product development but also ensure that these challenges will be manageable and not the downfall of your startup.
3. **Identifying Opportunities.** Identifying market opportunities and developing go-to market strategies is another common pitfall. While hardware startup founders are intensely focused on product development, creating a sound business strategy can fall to the wayside. Connecting with distributors and existing sales channels early in the product development process should be happening while the product is still in development. Building these partnerships takes time and the earlier you start, the better.

Challenges when **scaling** a hardware startup:

1. **Manufacturing & Inventory Management.** Scaling up manufacturing requires a larger influx of capital as compared to the launching stage. However, this is a good problem to have since it means that the market has received your product well and demand is abundant. It will also mean that some level of product inventory is required, so having additional space and location for the product is not only necessary, but a vital part of your logistics plan.
2. **Manufacturers Capabilities.** Depending on your manufacturer's capabilities, this can make or break scaling opportunities. Manufacturers may not have enough resources, machinery, and capabilities to meet your product's demand. If a manufacturer is not setup for high volume production, then the output required will not be able to keep up with the required amount needed to fulfill orders. Several well-known and successfully funded Kickstarter campaigns have run into this problem, causing headaches for the company and frustrated customers waiting for their products to be packaged and shipped.
3. **Meeting Demand.** Meeting the demand of the market will be dependent upon the manufacturing capabilities. You need a manufacturing partner that will be able to deliver enough of your product on-time and on-budget. If your manufacturing partner cannot keep up with customer demands, your startup, brand and product will suffer —and this could spell doom for your business.