What are the Biggest Challenges in Starting a Hardware Company?

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Challenges of Hardware Business

Software startups are not a unique phenomenon anymore. Growing entrepreneurs have access to the best information software that could provide and a strong support system in the software industry. However, the same cannot be said for running a hardware business. It is not a walk in the park for the hardware guys as they must navigate various challenges of the hardware business. First, there is the hardware business plan. Then there is the whole shenanigan of hardware shop business. Having a hardware shop business is more work than one may think.

Hardware business in India is burgeoning as the direction of technological development is becoming a promising one, replete with various opportunities for ardent innovators. But this type of venture differs from other startups, and it requires the consideration of a few key factors. If you are willing to face the challenges of the hardware business, read on to know more.

1. Cost Challenges

The challenge with raising capital for a business is the first and foremost challenge faced by any entrepreneur. Hardware startups require even more funding than software ones. While setting up a hardware business in India, you need to have enough funds to nurture your startup. If you don't have the required capital, it is best to postpone your plan lest you fall in a financial rut. Make a hardware business plan, estimate the amount of capital you will need, and take things from there. Hardware development costs a significant amount of money. Do not underestimate development costs.

Also, you must take into account the money that can serve you in case of unpredicted expenditures. If you are new to entrepreneurship and want to run a hardware business, your best bet would be checking with a hardware business consultant. A business development consultant can help you with fine-tuning your idea and help at each stage of the business cycle. Also, in order to gauge the market, be sure to conduct market research. There are several market research firms in India that could help you. Remember, market research is always a good investment.

The Solution: Be sure to account for all expenses while computing the amount of capital required to run the business.

2. Prototype Challenges

Creating a model for high-tech merchandise takes a good amount of time (and not to mention the costs associated with it). In the course of creating and scaling a prototype for mass production, there are strong chances that your product has changed drastically. You will find the end product hardly resembles the product that you aimed for mass production. This could pose signification challenges in the long run – like issues with mass production, starting from zero, or even a delay in production.

A software product, being a virtual product, can be manipulated endlessly. A hardware solution, by contrast, is a physical asset and doesn't have any room for larges mistakes. This means a significant challenge is faced during the development process. Also, the process of distributed development is not easy to manage. Transportation of hardware between locations takes a substantial amount of time.

The Solution: Undertake Design-For-Manufacturing (DFM) practices to make the process more foreseeable. Whatever the challenges are, do not limit yourself with one prototype. Adopt a strategy with supreme attention to visual work management tools, efficient management of resources' application, clear project priorities, and decentralized project management and planning.

3. Investment Challenge

As the world is geared more and more towards a technologically advanced future, it would be only natural that investors would be less willing to invest in a hardware product. They are reluctant to invest in something before it is a proven market. Many-a-times it is connected with their psyche, as most investors have some background in software and engineering, which means they can't assess the hardware with an unbiased view.

The Solution: demonstrate market validation and demand for the product. Crowd funding is your best friend. Tap into any opportunity that will help propel your business forward.

Get Details about Investment Management and Its Importance?

4. Manpower Challenge

The world of software affords a slew of manpower choices. In contrast, the talent pool in the hardware domain is much shallower. It means you might have a hard time finding a specialist who is skilled. Finding the qualified person who will suit your needs might be a bigger challenge.

A hardware startup requires the involvement of more people. Consider this: you will require sufficient manpower for the development process. There is, of course, a software process involved, requiring additional skilled people. You must have a communication strategy in place, and manpower to do the marketing.

The Solution: hire quality people. Prefer quality over quantity. Gathering talented people for making a stellar team is the key to a hardware startup's success. This should be your highest priority.

Read here to Keep Your Employees Happy—Engage Your Employees to Help Your Business

In conclusion, you need to be aware of all the hurdles beforehand and be prepared for everything that life throws in your way. The fact that setting up a hardware business in India is slightly difficult than your run-of-the-mill software company isn't a reason to despair. In fact, take that chance to be creative and make smart choices.

Despite all the challenges that may lie in wait, building a hardware startup from the ground up is a unique and inspirational experience. If you need help with your hardware business, then we can help you. We are one of the leading business development consultants and market research firms in India. We will help you from ideation to execution and everything in between. **Contact us today to know more**.