Top 5 Challenges Facing Hardware Start-ups

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By admin

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It seems that nearly daily we read about new product ideas from startups across the country and even the world. Hot new products that are looking for investors or end-users to purchase as part of their Kickstarter campaigns. It all seems very fast-paced, lucrative and fun, but the road to product success is not paved in ease. It can be challenging and from where we, RelianceCM, are sitting we see these budding companies hit roadblocks along the way. With our unique perspective in mind, here are the major challenges we see facing hardware start-ups today.

1. Credit – Many component vendors expect credit applications to be filled out in order to receive payment terms. As a start-up, without much of a credit history, this can be a huge hurdle in just getting the components necessary to build your product and turn your ideas into a tangible reality.

2. Quantity vs. Price – Startups fall into this trap all too often. Many times startups are focused solely on unit price, and often times the easiest way to achieve this is to buy in larger quantities. This can tie up a lot of cash in a hurry, which can be a major issue for already cash-conscious startups.

3. Component Lifecycle – Sometimes startups get all the way to their contract manufacturer only to find that a necessary part is no longer available. It is a very basic and avoidable issue, but ensuring that crucial parts are not obsolete can help prevent a startup from going all the way back to the design phase, wasting not only more money, but crucial time.

4. Lead Times – This one is very closely related to the component lifecycle above. Startups are often too busy with other details to manage and monitor the lead-times of their many components. It can be a disaster if a component has a lead-time that exceeds your planned launch date. We recommend working closely with your CM to be sure that this is not an issue and that you are aware of the lead times for all of your critical components.

5. Feature Creep – Essentially, this is the same as scope creep. Every additional feature added into a product comes with an associated cost. For startups it is often commonplace that you think of more and more ways to make your product awesome; however, you have to determine the "must haves" vs. the "wants." Some of the "wants" may have the potential to be sold as accessories or add-ons, which could ultimately be an additional source of revenue.