

# Launching an OSHW Business with Crowdfunding



Ken Burns  
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# So you want to start an OSHW Business?

- Are you building / deriving off of an existing OSHW project?
- Is your idea original? Innovative?
- Will your business just be this one product?
- Will your business be design only? Manufacturing? Sales?

# Why Use Crowdfunding?

- Easy / free to set up a project
- High visibility – great marketing exposure
- Instant market validation
- Proven track record with other Open Hardware projects
- Gets you \$\$\$ up front for production

# Before the Campaign

- You are starting a business
  - Get everything in order **before the campaign!**
  - Website, accounting, tax prep, legal issues, insurance, etc
- Make sure you can produce your product in volume
  - Get all design issues out of the way before launching
  - Get working examples / prototypes
  - Determine how / where you are going to produce this
- Set your funding goal
  - Just enough that if you hit it - you can produce and just break even
  - Ideally you want to hit this in just a few days

# Launching the Campaign

## Plan for the three possible outcomes

Don't meet the goal

Why did it fail?



Can we change the product a bit to make it more appealing?



Rethink starting this business

Barely meet the goal

Why did it just barely get there?



Blow way past the goal



The people have spoken



You have a chance

# After the Campaign

- Keep your backers up to date regularly
  - They are the reason for your success
  - Include them on your progress or delays
- Start producing the products
  - Manufacture in house
  - Manufacture outside
- Deliver!
- What happens next?

# Next Steps

- How will you continue to sell your product?
  - Website? Retailers / Distributors?
  - Expect a sharp drop off in interest after the campaign

*Note: Don't sell until your crowdfunding backers have their rewards*

- Manufacturing is expensive and requires \$\$\$
  - How will you have enough money to produce new units?
- How will you grow the business
  - New products?

# Making and Selling Stuff is Hard

Plan for all of the following items (and more)

- Refunds
- Delays
- Design issues
- Production issues
- Lead Times
- QA Procedures
- Test fixturing
- Shipping
- Replacements
- Support
- Examples
- Forums
- **People / Staff**
  - Hiring / Firing / Quitting
  - Payroll / Taxes
  - Work assignments
- Marketing
- PR
- Blog Posts
- Trade Shows
- Advertising
- Web Maintenance
- Distributors / Resellers
- Facilities
  - Rent / Utilities
  - Zoning / Local laws
  - OSHA
  - Equipment
- Legal Issues
- Taxes (including sales tax)
- Accounting
- Business Insurance
- Product Insurance
- Banking
- Inventory Control
- Cash Flow