Turning product ideas into reality – a new guide for start-ups

Duncan Smith and Dr. Derek Wallis

How innovative product development techniques can help new companies gain valuable investment

How does a start-up company convince investors to help turn a bathtub idea into a warehouse full of products? That's the question tackled by leading technology design and development firm Cambridge Consultants [1] in a new free guide to help start-ups get their products successfully to market.

The guide looks at the key questions investors will ask to assess whether a start-up's product idea is the next big thing and uses Cambridge Consultants' established approach to product development to help answer them.

"Our phased approach to product development tackles the tough technical challenges first – there is little point spending time and money on 'turnkey' engineering when the core technology might not work," said Duncan Smith, Head of Product Development at Cambridge Consultants. "And through our work with a variety of start-ups – and by spinning out our own companies – we have seen how

this phased approach not only de-risks a development technically, but also commercially. This enables the start-up to build a coherent picture of the position of the company, answering many of the questions that investors will ask ahead of investing any further."

As a leading product development company, Cambridge Consultants has helped many companies de-risk and speed up the process of getting to market, complementing their in-house capabilities without having to grow their company with a full-scale product development team. In the early stages, as well as answering the tough questions investors will ask, the most important thing is to communicate the benefits and advantages of the new technology. This can be hard with innovative products that do not have the normal 'reference points', and is best done using demonstrators.

One solution the company recommends in its guide is to develop two demonstrators – one that 'works like' a real product and a separate one that 'looks like' a real product. Separating these minimizes development time and cost, and yet still provides a start-up with tools to communicate the story to investors.

The 'works like', which typically uses standard development platforms, is not only a quick way to show functionality – it also demonstrates an understanding of the technical risks and how they will be addressed. Creating a 'looks like' model in parallel to this then allows investors to overcome the disbelief in something innovative and technically challenging, and replace it with the 'wow factor' of the potential opportunity.

Another useful technique is to produce a development risk assessment – this is often used by Cambridge Consultants to plan developments and make sure issues are addressed in the right order. This approach identifies all the technical risks and prioritizes them. Those that are high risk but relatively easy to solve should be done first, while low-risk and high-effort tasks should get pushed back later in the development when the larger funding rounds have been secured. Investors will not expect a start-up to have solved all the challenges at this stage but they will expect a credible plan to address them moving forwards.

Duncan Smith is a Commercial Director and heads our Consumer Product business at Cambridge Consultants. His background is in consumer electronics manufacturing but he has also worked with both blue chips and high-growth startups in the domestic appliance, fast moving consumer goods and telecoms sectors.

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[1] http://www.cambridgeconsultants.com/