

Be the 10% - avoid these common mistakes when building a startup

Of the millions of brands that launch every year, around 90% will fail. So how can you make that 10%?

Temps de lecture : minute

13 January 2023

There is never a 'right' time to start a business. It's definitely harder to find funding in a recession, but if you have a really great idea and a clear market opportunity you will eventually find someone willing to back you. Once you are on your journey however, it's even more important than ever to use that money wisely and get yourself to market as quickly as possible.

At Morrama, we've worked with over 100 startups in the past seven years at different stages in their journey. Some, we advise not to continue, believing that they are intent on creating a product the world doesn't really need. Others, such as plastic-free natural refill deodorant *Wild* have gone on to sell millions of products to customers all over the world.

Based on the mistakes we've seen time and time again as startup teams navigate the challenging path of new product development, we've put together our list of top tips.

1. Make sure your research is unbiased. Be careful that the types of questions and the way you ask them are not biased towards giving you the answers you want to hear. This year alone, we've had three separate companies ask us to design a lunchbox, all with validation

from questionnaires that most people think their lunchbox isn't any good. They have concluded that it must mean that the lunchboxes on the market don't work. An equally valid conclusion would be that most people don't care enough about their lunchboxes to go to the effort of shopping for a new one or the guilt of throwing a heap of plastic in the bin. Validation can very easily become a matter of *'if you seek you shall find'*, something of which we are all guilty.

2. Have foresight. Just because you found a statistic that says a market is set to grow, it doesn't necessarily consider future challenges such as material shortages, trade agreements or changes in legislation. Awareness is key, turning these obstacles into opportunities is when the magic happens. Some useful links:

- [UK laws around plastics and incoming regulations](#)
- [EU Right to Repair report](#)
- [Quick guide to the China/US trade war](#)

3. When selecting a design or manufacturing partner, always ask this question: what are the costs that aren't included? These might include legal fees, prototyping, tooling, sampling, shipping, certification, pilot and mass production, freight, storage, distribution, packaging design, branding, marketing, and human resources. From our experience, you are typically looking at around \$25-100K for the design of a typical consumer product and around twice for the engineering and development ahead of mass production. This doesn't include tooling costs and, of course, the cost of your initial order. Tooling relates to unit price; typically, the more you spend on tooling, the lower the unit price. For a simple consumer tech product, you might be looking at tooling of around \$30k with an MOQ (minimum order quantity) of 7500-10k units and a unit price of \$3-5. For high volume packaging, tooling may be upwards of \$150K as this is the only way to bring the unit cost below \$1. Your MOQ, however, may be 50,000. With this in mind, it's often assumed that app development is much cheaper

because there isn't the physical tooling process and unit price, however the average app can cost around \$120K to design and build.

4. In hardware, manufacturing partners are everything. Their location doesn't matter, it's experience, communication and trust that counts. If you use a sourcing agent, the latter is particularly important. Without the long-lasting relationship Morrama had with a particular cosmetics supplier, we would never have been able to develop the plastic free Wild deodorant refills. As a new, unknown brand, Wild didn't have much leverage at the time, so it was up to us to get the factory excited enough about the potential market opportunity to risk carrying out the tooling and testing required.
5. Cost, MOQs and speed to market will likely result in you manufacturing your product in China. Cultural and language barriers can be challenging at times but WeChat, emojis and patience are crucial. Always remember to treat all project stakeholders with the same courtesy as your core team, it will be those on the ground you'll need to rely on most. For example, the ongoing development of the immersive gaming console Quell Impact experience wouldn't be possible without WeChat. Not being able to get to the factory in person has been a barrier, but the fluidity of conversation with in-built translation, group conversation and file sharing has enabled us to manage development from afar and keep clients in the loop at the same time.
6. Product innovation always has bumps in the road. Your project will be at least 20% over on timeline or budget, quite possibly both. You are doing something that's never been done before, there are unknowns no one can predict in advance, so unless there was an obvious mistake made, be kind in your feedback and negotiations with stakeholders.
7. Don't micromanage and don't overthink every single design detail. Making endless changes and requiring updates is the fastest way to ruin the partnership, cause delays and wrack up costs. Once you

decide on your design/development/factory partners based on their expertise, let them be the expert. Remember time equals money for everyone involved.

8. Packaging almost always holds up production. Most often because of the above. Don't let a cardboard box be the thing that delays you launching your amazing product.
9. Time and budget pressures will mean you have no choice but going to production before you feel the product is perfect. As with software, there are problems to be solved, aspects of your product to be improved, or cost reduction to be made after version one is launched. Customer service and maintaining your relationship with your design/development partners are a must.
10. As you grow you may have to hire fast. Make sure your company goals, values, hierarchy, and opportunities are clear from the beginning. You might be happy with hustle culture, but your team will want stability and a plan.

When we first started Morrama, I was so keen to make it a success that I would work late trying to get ahead on things. This just served to throw the team off because plans had changed overnight, and projects had gone in a new direction. By working together to establish roles, responsibilities, and overall goals we managed to create a more structured environment in which everyone can thrive. That's not to say it's perfect, but fortunately the team knows they can share their concerns with me if I ever slip back into my old ways. It's important that you start you build your business with this level of trust and openness from the beginning.

Jo Barnard is the founder and creative director of *Morrama*.

