

## A-Z of crowdfunding – tips for success

### Ask

- This is the essence of crowdfunding – you are asking people for money or support. You need to look them in the eye, smile and bring them with you. Look at it from their point of view – why should they give any money away to any project at all; why should they even consider looking at your project and why should they give you any money. Crowdfunding is about the donor or investor more than it is about the project.

### Budget

- Have you drawn up a realistic budget that you think you can raise from your social networks. Is it open and transparent? Have you added in the cost of rewards and commission? Think about what can be in the budget.

### Creative

- The pitch, the plan and the ask needs to be innovative and fun. It should make people want to be part of your project – from your colleagues to people you don't know. A deadly boring pitch with poorly thought out rewards followed up by a couple of tweets and impersonal emails won't make your project fly.

### Donate or invest in other crowdfunding pitches yourself

- We're very good at asking for money but not so good at giving it away. The more people who donate to projects beyond their immediate social networks – the more projects will be funded. What goes round comes around.

### Engage you social networks

- Not just tell them about your project. Your pitch needs to not only tell a compelling story but engages the reader in the project. They should be excited and moved by it. Again – look at it from their point of view – what would interest them enough to be involved? The more involved people are – the more they will spread the word.

### Friends and Family

- Most donations come from the project owner's immediate social networks. They will have to donate 40% plus of the target before the campaign widens to looser social connections. It seems that we influence to three degrees – i.e. your friends, friends of your friend's and friends of friends friend's – and then our influence stops. Try to get your friend's friends involved so that they communicate their enthusiasm about the project – rather than just forwarding your email.

### Genuine

- Show yourself, be passionate, be credible, be thankful – and above all be genuine. People give to people if they believe in them. They won't give to a project, however worthy or innovative, if they don't trust the maker. And you have so little time to build this trust. Use your past work, social capital, friends and family to build this trust for you.

## **Humour**

- However worthy your cause, a light touch helps. If you make people smile they'll like you and you'll have half won them over. We give to people we trust – and like.

## **Investment**

- Business ideas for gadgets, films and music work well for the donations and rewards model of crowdfunding. But service based startups or established business looking for growth capital might look to equity-based crowdfunding. For campaigners most of the tips remain the same with the addition of a robust business plan and financials. The motivation of donors is different and though they will invest when moved by or connected to a proposition they will be also be looking for a financial return on their investment.

## **Jargon**

- Check your pitch that it is jargon free. This is common in non-profit and technical campaigns. Ask someone outside your business sector to read your pitch – ask a child of 13 – ask anyone. The more people are involved at the start helping you – the more they will have an attachment to the campaign.

## **Keeping momentum throughout the campaign can be difficult**

- The usual pattern is that there is a flurry of donations at the beginning and ends of the campaign and a lull in the middle. Unless there is significant movement in this period the campaign will stall. This period can be demotivating. Plan in advance what you will do – add another reward, stage an event or stunt, bring in a celebrity?

## **Launch with at least 20% pledged immediately you go live**

- When others reach your landing page they will see the project is viable. We have a herd mentality – we like to join in when we see others have and are wary of donating first. If you think about it – if your friends and family won't support you – why should anyone else.

## **More than just the money**

- If you see crowdfunding as just a way of raising money and by implication your donors as just providers of this money – you are missing the point. Yes you can raise money but crowdfunding is about connections and engagement – it can build a customer base, raise your profile or awareness about an issue, test ideas, act as a team building catalyst and involve your community in making something happen. Broaden your aims and then even if you don't reach your target you'll have learned and gained a lot more.

## **Non-profits**

- Grants are more competitive than ever, loans have to be repaid and major donors and corporate support are drying up. Some non-profits might struggle to use crowdfunding because it means involving the whole organisation in the campaign. You can't leave it up to a single fundraiser emailing the same database over and over again. Crowdfunding works for an agile, flexible and innovative organisation who can mobilise a team of dedicated volunteers for a new specific tangible, visual and exciting project.

## Offline

- Online social networks work when they reflect real world social networks. Think beyond social media – everyone might miss your tweets and never see your Facebook updates. Also not everyone likes to donate online. As personal connection to a project is the key reason why people donate how can you build face-to-face activity into your campaign?

## Pareto principle

- The old 80-20 rule can apply to crowdfunding – 80% of your donations need to come in before you tip to get the last 20% – that's maybe obvious but if that 80% of your donations come from 20% you must find, connect and continually engage that 20% as a priority. It may be sobering but it might be that only 20% of your social networks will support you. We then have 20% of total donors donating 80% of your target. Who are they?

## Quirky

- You have a creative pitch with a light touch. But you might benefit if part of your pitch is off the wall and edgy will sell – particularly for film, music or digital projects. Non-profits should look at communicating their message in a different way – to reach a new audience.

## Resonate

- Seth Godin asked these questions of startups which are applicable to crowdfunding: Who is your project for (i.e. your crowd), which sub group of your crowd (the 20% above) What do they believe? Have they ever done something like this before (easier if they donate online or have crowdfunded themselves etc)? Do they know about your campaign? Do they trust you? Will they trust you enough to listen to your story? And finally does the story resonate enough for them to invest or donate? The resonance is the most important – it's about them, not you.

## Short campaigns of 35-40 days appear to be the most successful

- The longer the campaign the harder it is to maintain energy and commitment. Keep your pitch and video short and punchy. Videos should get the key ideas across in 30 seconds and be no longer than 2 minutes. If you want to say more – put it in an update. Don't have reams of text on your landing page – no-one will read it. But have the information in updates or links so they can find out more if they want to.

## Team

- The more the merrier. Everyone in an organisation needs to be involved – from volunteers to trustees or directors. If it's left to one person it won't work. Who should be part of the team? The person who spends all the time tweeting in meetings – get them involved. The colleague who sneaks on Facebook at every given opportunity – get them involved. The person who could charm you into buying a used car – definitely get them involved! Your friend's child who makes YouTube videos – get them involved, and their friends. If they make the video their parents will want to it to be a success.

## Update all the time

- Twice a week is recommended. Research is that active campaigns are more successful. Treat the updates as a blog and add photos, videos, comments and project progression to your page. It

also gives you something new to tell people. Thank people on the way 62% of successful campaigns have repeat funders.

### **Video**

- A good video brings your pitch alive. Your chance of success with a good video increases from 30% without a video to 50% with one. Potential donors and investors are drawn to images. So make sure the still under the play button is enticing as well. Can't make a video – what about your friend's child who make a YouTube video – get them involved, and their friends. If they make the video their parents will want to see it have an impact – and you reach their social networks.

### **What's in it for them?**

- Try and understand people's motivation for donating or investing. It won't be too different from your own. Personal connection is the strongest followed by geographical or interest. Rewards are a low priority for non-profits campaign – donors like to see they could get a reward even if they don't want one. Fun rewards will make people smile and that's good. Rewards should be a means of thanking people and also promote the project into the future.

### **X – where all A-Z lists fall down**

- Well since crowdfunding is about being creative let's play around with the idea of x-ray. Show the bare bones of an idea in your pitch with no waffle? Get under the skin of your potential donors to understand them? Use x-ray images in your pitch? Shows that you have nothing to hide?

### **YouTube**

- Use this second biggest search engine after Google (and owned by Google) for sharing content and research. Research viral and popular films. Look at their April fool jokes for inspiration. Use YouTube to thank supporters and to send out rewards.

### **Zeitgeist**

- Campaigns will do well if they tap into or reflect current issues and trends in the community they are trying to reach.