Crowdfunding Basics

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• Coordinator of the Southwest Rural Policy Network.
• Mikki has worked for over 15 years raising funds in her various capacities including as Executive Director of a not-for-profit organization and as the Production Manager for some of northern New Mexico’s largest fundraising events.
• Through the years as the economy changed so has the fundraising landscape changed. Always interested in what is next and new in the fundraising arena, Mikki spends time studying various fundraising modalities and implementing practices learned.
RuralXChange

www.ruralxchange.net

and

facebook.com/ruralxchange

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INTRODUCTION TO CROWDFUNDING

AN OLD IDEA WITH A MODERN ASSIST

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Definition

Crowdfunding is the act of many people contributing money to a project
Example

Karen the school bus monitor

32,251 contributions

$703,168 raised

Many contributions $5.00 and under
How do people use Crowdfunding?

• Raise money
• Create awareness about the project and the larger body of work
• Generate excitement for a project
• As a Movement Building tool
• As a tool to add to the existing base of supporters
• All of the above
Glossary of Terms
Basic terms used in this webinar

- Crowdfunding Campaign
- Campaign Manager
- Campaign Team
- Platform
- All or Nothing
- Keep What you Raise
- Reward Based
- Donation Based
- Reward (also called a ‘perk’)
Overview of the main points of the Crowdfunding process

• Define your project
• Set your fundraising goal
• Select your platform
• Create your outreach strategy
• Sign-up with the selected platform
• Implement your campaign
• Actively work your campaign
• Close-down and follow-up
THE SPECIFICS OF RUNNING A CROWDFUNDING CAMPAIGN

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Define your project

Decide what it is you are raising funds for

• Be clear about your project’s scope
• Make it tangible, concrete and realistic
• Make it focused and specific
• Make it memorable

Decide how much money you will need

Decide if you need to assemble a team
Craft your ‘Ask’

Come up with:

• Title of your campaign
• Elevator speech
• Call to ACTION
  ➢ Make it possible to receive donations off-line also
Write a Summary Description of your project

• Three paragraphs in length, (maximum)
• Make an emotional connection
• Touch on why this project matters
• Include the goal of your campaign
• Include details on where the funds raised will go
• Make it easy to read ~ use formatting if necessary
• Be sure to include your name and/or the name of your organization
Set your fundraising goal

Ask…

• Is the fundraising goal you are setting an amount sufficient to achieve something concrete?

• Does your organization have the capacity to reach that goal?

  • ‘Capacity’ would include:
    Skill with social and traditional media
    A large email mailing list
    Time to be actively involved in the process
Develop a budget

Explain clearly and concisely what you’ll do with the funds you are raising
Decide how long your campaign will run

• Check your Crowdfunding platform for any guidelines

• Consider how long it will take to reach and to get action from your audience
  • Campaigns generally run 30 days
You must have a Project Video

A video is critical to the success of the Crowdfunding effort

• Some platforms require a video
• Campaigns with videos raise more money
• A video helps to establish credibility and trustworthiness, and they help to make the human connection
Your Project Video

• You don’t need to be an expert videographer
• You don’t need expensive equipment
• Make your video 3 minutes or less
• Have a clear call to action: "I need you to make this happen"

• Be creative:
  • Use illustrations and text and photos
  • Create share-worthy material which could go viral
  • If you have the capacity, update your videos during the campaign
Project Images and Audio

• Images give an additional way to communicate your message

• If audio is a critical part of your project and you want to showcase it, be sure the platform you select allows for audio to be uploaded.
Rewards

(Note: Not all Crowdfunding efforts offer rewards, but should you decide to…)

• A way to show gratitude
• A tangible reminder to your supporters of the part they played in funding your work
• Should increase in value as the donation amount increases
• Should have 3 but no more than 6 reward levels
Types of Rewards

The best rewards are:

• Unique
• Relevant
• Desirable
• Have meaning and value to your supporters and beyond

Offer a wide range of price-points

• Small ($5-$100)
• Medium ($150-$500)
• Large ($600-$1,000)
• Extra-large ($1,000+)

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Common types of rewards include

Small
• Handwritten card or notes expressing ‘thanks’
• Acknowledgement on your organization’s website
• Small merchandise with your logo on it
  • Bumper sticker
  • Magnet
  • Mug
• Discount on memberships if your organization is a member-based organization

Medium
• Items created by the project i.e. advocacy toolkit
• A special T-shirt with a design created in a limited edition by an artistic creative supporter
• Larger merchandise with your logo on it
  • Pin
  • Poster
  • T-shirt
• Discount coupons to businesses owned by supporters
Common types of rewards continued

**Large**
- Involvement in the actual project
- Tours of the areas where your organization provides services
- A limited edition of a poster created by a supporter specifically for the fundraising effort

**Extra-large**
- Invitation to a one-of-a-kind experience i.e. VIP tickets to an event or invitation to a SKYPE call with an expert
- Invitation to a party honoring your large donors
What you cannot offer…

- Real estate property
- Entry into a raffle or contest
- Firearms or weapons
- Prescription or illegal drugs
- Pornography or sexually explicit materials
A Caution about Rewards

• Offer only what you can deliver
• Take into consideration what offering rewards will cost you
  • Costs to create or acquire the rewards
  • Cost to deliver your reward (shipping)
• Consider asking your local community to donate reward items
Different types of platforms

• Equity
• Debt
• Reward / Donations
Different types of campaigns

• All or nothing
• Keep what you raised
Features to look at in selecting a platform

Is the site:
- A nice looking and engaging destination
- Easy to navigate
- Has a lot of traffic
- Has projects that are a good compliment to your project

What is the use-ability of the site:
- How easy is it to have your project accepted?
- Is the command center easy to use?
- Is there an easy way to track your progress and to post updates?
- If you offer rewards, is it easy to retrieve information in order to fulfill the reward?
Features to look at in selecting a platform

continued

Does the platform provide:
• Sharing tools to help supporters spread the word further
• A search engine on the site to find pages on the platform
• Email notifications each time you receive a donation
• 24/7 Customer Service

Other opportunities:
• What is required in order for your project to appear on the homepage of the platform or to receive ‘featured’ status?
• Are there other opportunities for special placement on the site?
• Does the platform run a newsletter or a blog that might provide additional exposure?
• Inclusion in any press outreach the site may engage in
• Does the site have a global audience?
  • Can it exchange currency?
How to find a Crowdfunding platform…

Site that has compiled and compared a number of Crowdfunding sites:
www.crowdsunite.com

Site that rates Crowdfunding sites:
www.crowdfunding-website-reviews.com
Set up your campaign on the platform

Create your fundraising page

• Your passion, enthusiasm, and commitment must be evident

• The more information you share, the more you will earn your backers’ trust however...

• Be concise
Launch your campaign

• Start out strong

• Build your support before you officially launch
Running a successful Crowdfunding campaign

- Reaching out to potential donors
- Getting donations
Why people back a project

Exceptional projects can get donations from total strangers but most projects are funded by people that are in your network and your networks’ network
The outreach hierarchy

**Tier 1:** Friends, Family and Fans, including your existing donor base

**Tier 2:** Friends – of – Friends and Acquaintances

**Tier 3:** Broader Connections and the Crowd
Start with Tiers 1 and 2
Build momentum into Tier 3
Design your campaign ~ Have a well thought-out plan

The more you do to promote your project, the better chance you have at reaching your funding goal
Create a communications plan that:

• Addresses all phases of your campaign:
  • Before campaign launch
  • During the campaign
  • After the campaign closes

• Utilizes a variety of outreach tools

• Creates awareness that spurs curiosity and interest in your campaign

• Has a clear call to action:
  • ‘Donate Now’
  • Share this with your friends and family and ask them to donate and share the message with their friends and family

Get a team together if you feel the need to do so
Identify Potential Donors

• Create your list of current supporters

• Identify categories of potential supporters
Communicate with potential supporters

• Understand who your community is
• Message to that community
• Know which communication vehicles to use to access that community
Develop your Visual Materials

- Video
- Illustrations
- Photos
- Text
Develop your outreach schedule

• Set a timetable with reminders to make sure you follow through
Communications before your campaign officially launches

• Send a ‘Save the Date’ announcement
Communications after your campaign officially launches

• Thank your early supporters
Communications as your campaign progresses

• Keep the momentum happening
How to generate buzz around your campaign

• Social media
• Online
• Traditional media
• Thinking outside the box
Social media

• Facebook
• Twitter
• LinkedIn
• Pinterest
Online promotion

• Email
• Your organization’s website and blog ~ If you have one
• Forums
• Related blogs
Other online activities

• Use website links
• Place banner ads
• Send press releases to email newsletters
• Post your project video on YouTube and other video sites
The traditional media

• Newspapers, TV and radio
• Trade publications
• Set up a GoogleAlert to track any possible media coverage
Consider other ways to promote your project

• Phone calls
• Text messages
• Discovery engines
• Google AdWords
• Guerilla – marketing tactics

http://www.bootstrappingblog.com/50-guerilla-marketing-tactics-you-should-be-using/
Go offline

• Launch parties
• Face-to-face meetings
• Events during your campaign – House parties
• Flyer distribution
• Snail-mail mailing
• Set up fundraising teams
• Engage the assistance of a celebrity

http://contactanycelebrity.com/cac/
Communications as the end of the campaign approaches

• Remind folks there is still time to donate and to spread the word about the campaign
Campaign close-down and follow-up

• Thank supporters

• Deliver rewards (if you ran a ‘Rewards’ campaign)

• Remain in communication and engaged with donors (in preparation for your next Crowdfunding campaign or to build your supporter base)

• Publicize the success of your campaign
Evaluate your efforts

Learn from this effort for the next time…

Ask the following questions:

• How did this project go?

• Did the project resonant with those you reached out to?

• Did the campaign manager engage supporters throughout the project?

• If you ran a ‘Rewards’ campaign, did your Rewards have value – were people enticed?

• Overall, what will I do in the same way for my next project?

• Overall, what will I do differently for my next project?

• What are my ideas for my next project?
Having said all of that…

Ask yourself…

• Is Crowdfunding the best way to raise funds for your project?
• Is your project a good candidate for Crowdfunding?
Is Crowdfunding the way to go for your project?

• Search Crowdfunding platforms for projects similar in various aspects to the project you wish to conduct

• Look for projects which have been successfully funded

• Look for projects falling short of their fundraising goal
Is your project is a good candidate for Crowdfunding?

Consider your:

• Your Project
• Your Capacity
• Your Supporter Base
Crowdfunding Professional and Industry Trade Associations

The Crowdfund Intermediary Regulatory Advocates – CFIRA
www.cfira.org

Crowdfunding Professional Association
www.crowdfundingprofessional.org

National Crowdfunding Association
www.nlcfa.org
Additional Resources

The following additional resources can be found on the SWRPN website:

• A survey of existing Crowdfunding sites
• Information on government regulation and Crowdfunding
• Links to a variety of stories on Crowdfunding
THANK YOU TO

THE RURAL SUPPORTING ORGANIZATION

AND

THE MEMBERS OF THE
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