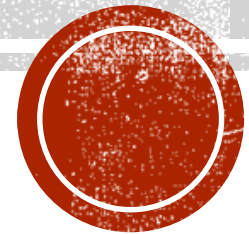


ALL ABOUT CROWDFUNDING

Presented by
Sharper Training Solutions, Inc
www.stsico.com



WHAT IS CROWDFUNDING?

- **Crowdfunding** is the practice of funding a project or venture by raising small amounts of money online from a large number of people, typically via the Internet.
- **Crowdfunding** is a form of crowdsourcing and alternative finance. Crowdfunding is done online, often with social networks, which make easy for supporters to share a cause or project cause with their social networks.
- Organizations, businesses, and individuals alike can use crowdfunding for any type of project, for example: charitable cause; creative project; business startup; school tuition; or personal expenses.



CROWDFUNDING MODELS

There are 2 main models or types of crowdfunding:

- Donation-based funding, where donors contribute to the total amount for a new project. Often promised in return is the product or service that will be developed with the revenue brought in by the crowdfunding campaign. For charitable projects, whose ultimate beneficiary is not the donor, there may be some other perk or reward for funders.
- Investment crowdfunding, where businesses seeking capital sell ownership stakes online in the form of equity or debt. In this model, individuals who fund become owners or shareholders and have a potential for financial return, unlike in the donation model. Nonprofits generally cannot utilize equity markets.



WHAT TO LOOK FOR

The crowdfunding platform that's best for you will depend on your campaign and project goals, however, these are key points you need to look for:

- All-or-nothing campaigns or Flexible funding
- Fees: percentage of total funds raised plus possible credit card fees
- Customer service – Ease of use



ALL-OR-NOTHING VS FLEXIBLE FUNDING

- All-or-nothing campaigns:

- When fundraising for an all or nothing crowdfunding campaign, you will only receive the pledges that you have accumulated throughout the duration of the campaign **if** you meet your fundraising goal before the clock winds down.
- Important selling point. Your backers' credit cards will not be charged unless you reach your fundraising goal.

- Flexible Funding:

- These campaigns will receive the pledges that they have accumulated throughout the duration of the campaign even if they do not meet their fundraising goal.
- If your project is more cause related or donation based, then a flexible funding campaign may be more appropriate because it ensures that you will at least receive some funds that can be used toward your cause.

****If you choose to run a Flexible funding campaign over an All or nothing campaign, you may end up paying higher platform fees.**

For example, if you were to launch a flexible funding campaign you would end up paying a 9% fee of funds raised if you didn't meet your goal. However, you would pay the standard 4% fee if you did meet your goal. READ THE FINE PRINT



THE FEES

- Platform fee—the fee you pay for the privilege of using the sites' platform. Typically, platform fees range from 5% to 12%. Any site charging more than that should raise a red flag in your mind.
- Processing fee – a fee to accept donations/payments online – aka Paypal – usually 2.9% of the amount plus .30cents
- Look out for:
 - punitive fee structures - increase fees if you don't meet your goals or all or nothing
 - beware of bundled fees - fees that are bundled from third-party payment processing, making it harder for those raising funds to figure out where they're money is going.

*GoFundMe has no platform fee, and you can begin withdrawing funds as soon as your donations come in. (donators still charged credit card processing fee)



FEE COMPARISON EXAMPLE

	GOFUNDME	KICKSTARTER	INDIEGOGO
Signup Fee	\$0	\$0	\$0
Fundraiser Fee	0%	5%	5%
Donor Fee	0%	0%	0%
Processor Fee	2.9% + \$.30 per gift	3% + \$.20 per gift	3% + \$.30 per gift
Discounts Available for	None	Under \$10 Pledges	None
Total	2.9% + \$.30 per gift	8% + \$.20 per gift	8% + \$.30 per gift



CROWDFUNDING CATEGORIES

- Creative/Startups – creative, artistic and entrepreneurial projects
- Entrepreneur/Small business – products, services, idea based
- Donation/Charitable – fundraising, personal financial support
- Education – school fundraising – classroom supplies
- Scientific – research - experimental – new discoveries



CREATIVE / STARTUPS

- **Kickstarter** - a hub for creative people and projects. Creators seeking funding for particular projects can use the site to raise funds and bring their project to life. Creators offer backers rewards, such as a small piece of the project, the first available prototypes, or the products that they are raising money to manufacture. The site is especially good for tech projects, as its community is full of early adopters. You must raise all the funds you need, or get nothing.

Fees: Service fee of 5%, along with 3% + \$0.30 per transaction for payment processing.

It is All or nothing.

- **Indiegogo** - If you want help at every stage of your creative or entrepreneurial project, from the moment you have the idea to after you start selling, this site offers tools to help you get the job done, from pre-launch to crowdfunding and distribution. It's especially good for technology and media-related projects. You can choose either All-or-nothing and flexible funding. The site encourages fundraisers to offer perks that engage fans and spur donations.

Fees: Platform fee of 5%, along with 3% + \$0.30 per transaction for payment processing. Choose between All-or-nothing and Flexible fundraising models.

- **Patreon** - allows you to gather recurring patronage for your art or other creative projects in the form of monthly subscriptions from fans. Patreon encourages users to offer rewards to fans as a way to repay them for their support.

Fees: Platform fee of 5%. And 3rd party processing fees, such as Paypal. Additional fees apply to payments made by international donors.



ENTREPRENEURS / SMALL BUSINESS

- **Fundable** - focuses on helping entrepreneurs, startups, and companies raise capital from the public. The site allows users to offer either rewards or equity in return for financial support.

Fees: \$179 a month, along with 3.5% + \$0.30 per transaction for payment processing.

All or nothing.

- **WeFunder** - to grow your existing business . Your investors receive a small stake in your company, and the platform aims to increase their emotional investment in your success.

Fees: \$195 to start, 4% fee for “regulation” crowdfunding, plus the value of stakes in your company.

- **Crowdfunder** - allows businesses to sell shares to accredited investors. Crowdfunder has a network of 12,000 venture capitalists and angel investors.

Fees: \$399 to \$1,999 per month.

- **Seedinvest** - an equity crowdfunding platform, allows startups to raise funds from individual investors and venture capital firms. Entrepreneurs must meet their minimum funding goals before investments are made final.

Fees: 5 to 7% placement fee with a 5% warrant coverage or equity, plus a \$0 to \$4,000 fee for escrow, marketing, and legal expense reimbursements.

▪



DONATION/CHARITABLE

- **Fundly** - either individuals or nonprofits can create campaigns for a wide range of causes, including fraternities and sororities, LGBT, military, and politics. One unique feature of Fundly is that you can sell t-shirts or other merchandise on your campaign.

Fees: It's free to start a campaign on Fundly, but every donation will have a 4.9% platform fee deducted, as well as a payment processing fee of 2.9% plus 30 cents.

- **GoFundMe** - the world's largest social fundraising platform with a giving community of more than 50 million worldwide. More than \$5 billion has been raised on GoFundMe for personal causes, and it's the first and only platform with a donor protection guarantee. GoFundMe is known for its customer service, and it has Customer Happiness agents available 24/7.

Fees: Powered by donors™, GoFundMe is free to use and has a 0% platform fee plus standard payment processing fees of 2.9% plus \$0.30 per donation.



EDUCATION

- [DonorsChoose](#) - raise money for any classroom in need of funds. Public school teachers across the country use the site to create classroom project requests. Charity Navigator gives DonorsChoose a four-star rating, due in part to the site's transparency and the amount of control given to each donor.

Fees: processing charges from 1.5% to 2.5 for credit card or PayPal donations. The site charges no platform fee, as operating expenses are covered by voluntary donations to the nonprofit.

- [GiveCampus](#) - partners with colleges to help students, alumni, parents, and faculty launch crowdfunding campaigns for school-related projects. Each school has guidelines for what type of campaigns people can create. Funds raised go directly to the school itself. It's free to create a campaign, as long as your school is partnered with GiveCampus.

Fees: Schools choose from two fee options: a monthly subscription or a small percentage of funds raised.



SCIENTIFIC

- **Experiment** - The only crowdfunding site dedicated to scientific research, Experiment helps researchers raise the funds they need to pursue new discoveries. Backers can review their impact through open access to data and the resulting journal publications. Experiment has a funding success rate of 47.1%. It's an all-or-nothing model.
- **Fees:** Platform fee of 8%. All or nothing.



BASICS FOR CREATING A CAMPAIGN

- Need an email address
- Need to create account at the crowdfunding site you choose
- Need an account for processing donations – aka Paypal
- Need to create accounts on social media - Twitter, Facebook, Instagram etc



TIPS FOR SUCCESSFUL CAMPAIGNS

- REWARD BASED CAMPAIGNS

and

- CHARITABLE CAMPAIGNS



SUCCESSFUL REWARD BASED CAMPAIGNS

KICKSTARTER

Exploding Kittens



This is a card game for people who are into kittens and explosions and laser beams and sometimes goats.

[Buy it now!](#)

Created by
Elan Lee

219,382 backers pledged \$8,782,571 to help bring this project to life.

KICKSTARTER

Pebble Time - Awesome Smartwatch, No Compromises



Color e-paper smartwatch with up to 7 days of battery and a new timeline interface that highlights what's important in your day.

[Learn More](#)

Created by
Pebble Technology

78,471 backers pledged \$20,338,986 to help bring this project to life.

COOLEST COOLER: 21st Century Cooler that's Actually Cooler



The COOLEST is a portable party disguised as a cooler, bringing blended drinks, music and fun to any outdoor occasion.

Stay updated!

Created by
Ryan Grepper

62,642 backers pledged \$13,285,226 to help bring this project to life.



CLOSED

Flow Hive: Honey on Tap Directly From Your Beehive

Harvesting honey with Flow™ is easier on the beekeeper and so much easier on the bees.

PROJECT OWNER



Cedar and Stuart Anderson
Byron Bay, Australia
2 Campaigns | [More](#)

\$13,289,097 USD total funds raised
17380% funded on April 20, 2015



12 TIPS FOR CREATING A SUCCESSFUL REWARD CAMPAIGN

- **1. Do your research** - Before you even start your crowdfunding campaign, do your research. This doesn't mean exploring your product or idea (that should already have been done!) It means researching everything you need to know about crowdfunding,
- **2. Choose the right platform** - There are a lot of different crowdfunding platforms out there. Consider your project parameters and do your research to find the platform best suited to what you're offering. Remember that the right platform will help you connect to your target market and potential investors.
- **3. Offer more than just an idea** - When you're ready to start your campaign, have more than just an idea in hand. Some projects don't involve a physical product; if yours does, have a working prototype you can show off as an example to potential investors.
- **4. Know your target audience** - Before you create any marketing materials or post your campaign live, do the research necessary to become familiar with your target audience. Sit down and write out what it is that that audience wants. You can't just assume you know what that is; you need to do actual research and gather real data to help you become more familiar with those you are targeting.
- **5. Create marketing materials** - Once you know who your target audience is and what they want, create high-quality print and web marketing materials. You don't need to copy the videos or fliers of another company -- you should personalize materials to yourself and your message. But avoid tacky, cheesy pieces unless they truly fit with your project.
- **6. Set goals** - When starting a crowdfunding campaign, set goals. Not only should you decide beforehand what your total fund-raising goal is, you should also specify time line goals, production goals and any other ones needed to keep your project moving forward.



TIPS FOR CREATING A SUCCESSFUL REWARD CAMPAIGN

- **7. Make the reward worthwhile** - While you're not required to reward your investors, offering something in return for their support makes for a more successful campaign. Make sure that any reward you offer is worthwhile, as well.
- **8. Get personal** - Whether your project is personal or is a new business venture, get personal in your message to investors. When people feel that they know you, they'll feel more comfortable with, and trust in, your goals. Keep in mind that it is possible to overshare, though.
- **9. Spread the word** - Once you've published your crowdfunding campaign, start spreading the word. Share your campaign on social media, with family and friends, on blogs and anywhere else where you can get it out there. The wider your reach, the more potential you have for investors to see it.
- **10. Communicate openly** - Communicate with your investors throughout the entire process. This also helps to build trust. Be as open and transparent as possible. Don't just pitch them or try to sell to them, either; people know when they're hearing hot air.
- **11. Accept feedback** - Feedback, although frustrating at times, is extremely important for you to make progress -- especially if you're working on a product. The more feedback you receive, the better you'll be able to tell where your pain points are and make a plan to improve the final product so it's ready to go into production.
- **12. Follow through on your promises** - Don't forget any of the promises you've made during your campaign, whether they were to your entire investor group or certain individuals. If you follow through on your promises, you'll not only build credibility for any future projects, you'll also avoid



SUCCESSFUL CHARITABLE CAMPAIGNS

		GOAL	TOTAL
Project EPIC	Nonprofits and Charities	\$25,000	\$30,291
Habitat for Humanity Global Village	Nonprofits and Charities	\$20,000,000	\$14,062,456 (so far!)
Pizza for Heroes	Military and Veterans	\$500	\$636
Help Piper See Again	Pets and Animals	\$2,000	\$2,291
Vote Joe August 5th	Politics and Public Office	\$5,000	\$5,685
Floor Us!	Churches and Religious Organizations	\$20,000	\$21,269
Foresthill Wildfires Football	Sports and Teams	\$1,000	\$1,742
Send Autumn to D.C.	Trips and Adventures	\$1,500	\$1,530
A Ray of Hope	Kids and Families	\$300,000	\$257,866 (so far!)
Wenonah Gives	Kids and Families	\$172,000	\$143,625 (so far!)

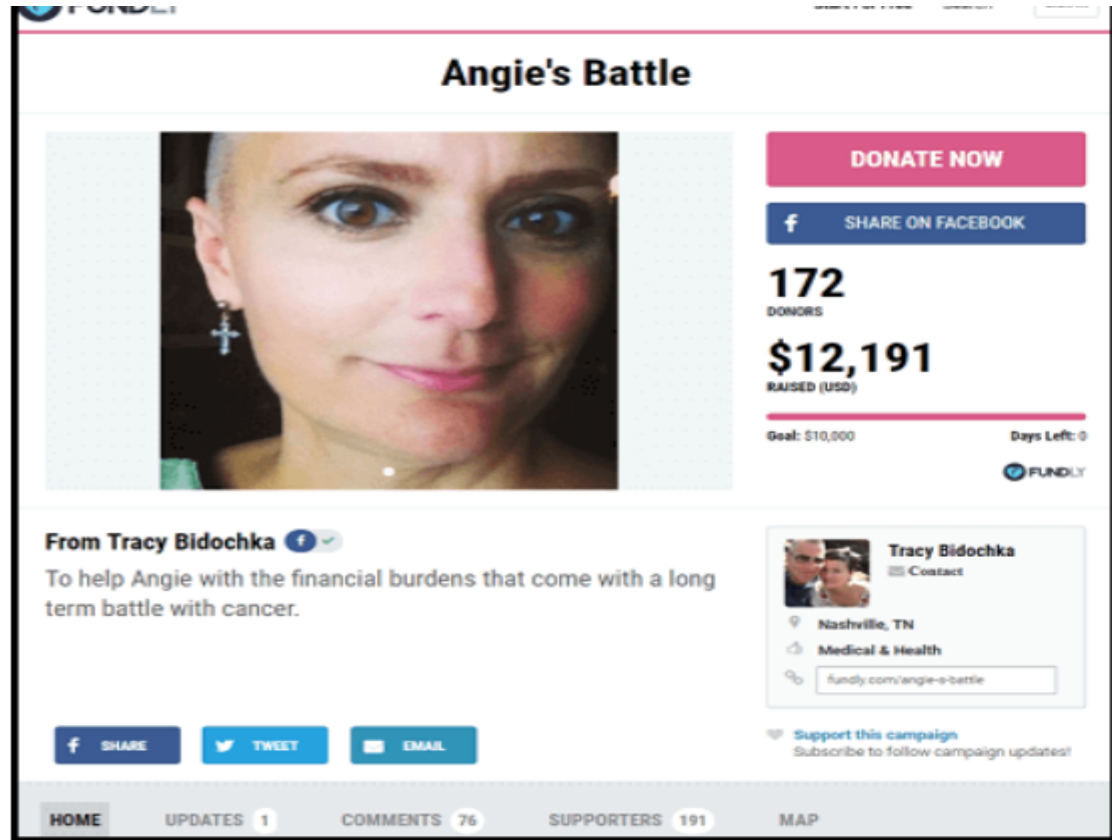


TIPS FOR CREATING A SUCCESSFUL CHARITABLE CAMPAIGN

- **Do Your Research** – If you are raising funds on behalf of an organization, double check with their financial administrator to ensure they are able to accept donations raised via crowdfunding. This information should be available on their website!
- **Target Your Audience** - Find those who share your passion and same interests. If you're raising funds to help a local zoo or animal habitat, you will want to find people who share a love and passion for helping animals. This might be your dog groomer or someone who fosters animals. These people can help support and promote your campaign!
- **Create a Campaign Video** - Videos are one of the best ways to tell your story. They let you combine visual and auditory elements to bring your cause and campaign to life. Not only that, social media posts with videos tend to get more engagement.
- **Put the Campaign Brand Front and Center** - You could be missing out on fundraisers and donations if you're not promoting your campaign across all your communication channels. Someone who is not on your email list might be following you on Facebook. Make this fundraising campaign impossible to miss. You can change the profile and background pictures of your social media accounts to content relating to the campaign.
- **Organize an Event** - Host a potluck, dinner party, or create a Facebook event to launch your campaign. This is a great way for you to share your cause and campaign with your friends and engage donors. At the event, you can hand out flyers with your campaign link. Just be sure to customize your campaign link to make it easier to remember.
- **Show Appreciation** - Don't forget to thank your donors for their kindness and generosity! A simple thank you can go along away! Also, this small gesture can be used to encourage your donors to continue sharing and supporting your cause.



EXAMPLE OF A SUCCESSFUL CHARITABLE CAMPAIGN



individuals and families much needed funding.

This particular crowdfunding campaign was set up to help Angie Reynolds pay for her cancer treatments.

Some key highlights from this crowdfunding campaign include:



EMOTIONAL IMAGE

The emotional image of Angie is a powerful one, since it is focused on just her face and shows some of the hair loss that was a result of her treatments. The image tugs on donors' heartstrings and reminds them of why they should donate.



CONTEXTUAL UPDATE

The descriptive update puts the fundraiser into perspective and explains why the campaign was set up in the first place. The language is also very loving and family-oriented, helping to make this a successful crowdfunding campaign.



EXCEEDED GOAL

Initial Fundraising Goal: \$10,000

Money Raised: \$12,191 (1.22X the original goal)



SIGNING UP

- You must create an account at the crowdfunding site before you can start a campaign
 - Need – name, valid email address and password
 - Need all your campaign information available (campaign name, goal amount, product details etc)
 - Need video and/or pictures ready to upload to site



INDIEGOGO — START A CAMPAIGN


INDIEGOGO Explore ▾ What We Do 🔍 For Entrepreneurs Start a Campaign Log

I'm raising funds for...

... a project.

Indiegogo is where innovative ideas come to life.


5% platform fee ?



... a cause.

GoFundMe is the world's largest and most trusted free social fundraising platform.

0% platform fee ?



INDIEGOGO partners with GOFUNDME



GOFUNDME

gofundme

Enter your goal here

\$
USD ▾

1000

Campaign title35

Who are you raising money for? ▾

Your ZIP code

Choose a category ▾

Fundraise as:

☐ An individual
I am the sole organizer.
Note: Team fundraising can
be turned on later.

☐ A team
I will invite others to
fundraise with me.
[Learn more](#)

The platform is free for organizers. Payment processing fee
is 2.9% plus \$0.30 per donation. By continuing, you agree



KICKSTARTER

KICKSTARTER

First, let's get you set up.

Pick a project category to connect with a specific community. You can always update this later.

Select your category ▼

Next: Project idea

To create a project, you're required to provide your location, age, national ID, banking and tax information, email, and mailing address. This information is necessary to prevent fraud, comply with the law, and — if your project is successful — to deliver funds. Please note: after launch, your ability to edit, hide, or delete a project is limited.

KICKSTARTER

Describe what you'll be creating.

And don't worry, you can edit this later, too.

A set of handmade greeting cards and stationery.

0/135

← Category

Next: Location

To create a project, you're required to provide your location, age, national ID, banking and tax information, email, and mailing address. This information is necessary to prevent fraud, comply with the law, and — if your project is successful — to deliver funds. Please note: after launch, your ability to edit, hide, or delete a project is limited.

KICKSTARTER

Finally, let's confirm your eligibility.

Tell us where you're based and confirm a few other details before we proceed.

Select your country ▼

🔗 What if my country isn't listed?

- ☒ I am at least 18 years old.
- ☒ I can verify a bank account and government-issued ID.
- ☒ I have a debit and/or credit card.

Project idea

Continue

**BEST OF LUCK FOR A
SUCCESSFUL CAMPAIGN**

