

# CROWDFUNDING 101 ESSENTIALS

*We are often asked about crowdfunding. Ellie recently attended a crowdfunding workshop hosted by Tom Dawkins, CEO, Start Some Good <https://startsomegood.com> StartSomeGood run ING Dreamstarter <https://campaigns.ing.com.au/dreamstarter>.*

## Ellie's takeouts:

1. **Crowdfunding is not automatic money.** Gaining attention and driving traffic is still your responsibility e.g. people don't wake up and think, 'I feel unfocused, but I want to give'. No-one is looking for someone to give money to. With crowdfunding it's not a 'build it and they will come' approach - you have to work hard on the issue and make it work for your donors
2. **Less than a third of crowdfunding campaigns reach their goals.** Kickstarter – 10,000 campaigns on line – only 31% will reach their goals. That's over 70% that failure! The model needs careful thought and planning.
3. **Flo Hive is often referenced as the poster child for crowdfunding, yet it was effectively a \$10m product launch** – they were fully staffed with 5 Global PR people, they also worked hard on timing, holding a press launch in Canberra when politicians on recess. As they also live on a commune they had people who were ready to give straight away when the campaign went live.
4. **When do you fundraise?** Ideally, when you have made progress towards your goal – e.g. A rooftop garden with a restaurant employing refugees, for this concept... one person just had the idea, the other had found the building, had a landscaper do some pro bono drawings and had a way better chance of succeeding than the person with just the idea.
5. **There are two fundraising platform models** - 1. 'Keep what you raise' – raise funds for your existing community, work at any scale, low risk, proven. Or 2. 'All or nothing' approach - i.e. here is our goal \$, we don't take the money if we don't raise the total amount. This second model is more likely to succeed as the pace towards the end of the campaign quickens, but harder for the charity fundraiser, perhaps easier for the business entrepreneur.
6. **Crowdfunding isn't about crowds it's about communities** - think in terms of community and tribe or peer to peer fundraising.
7. **Crowdfunding can offer a fast market validation** - and answers the question – 'do people want this?' providing data on what people are willing to pay for what you are offering.
8. **The 'Theory of Change' needs to be a real focus in campaign planning** e.g. First we do this x then this happens x and then because of you we create x the

change we want to see. The shorter, more specific, immediate and definite the goal, the better!

9. **Short 30 day campaigns work** and regardless of lengthening the amount of time you don't avoid the 'trough of despair' there will always be a time in this 30 days that you don't raise any money..but it will go up, have faith (obviously you need to make sure you have a campaign plan for promotions and PRing, hashtagging your campaign etc)
10. **Borrow relevant credibility** – e.g. a doctor, a bank, or not for profit Australia Cancer Care to back. or offer support for your product or service, this helps broaden your community and lower risk for the donor.
11. **Alleviate the risk of the idea for donors** – can this idea work? Can this work with the person leading it?? For example, if you have an idea for food trucks serving refugees with fresh food from local suppliers, it would be better to have experience in delivering food trucks!
12. **All fundraising is storytelling** – a story about the future, and an invitation to join you on this journey – matched to the right audiences, matched in the right way to the right people. Convening them, over converting them
13. **Why do we part with our money?** – when we can turn our money into more money (investing), buying something (shopping), a future we want to see (philanthropy) and a friend or community we want to support (relationships) – the best campaigns use all of them!
14. **The issue hook – this needs careful thought** . For example, if female African children are missing significant amounts of school because of insufficient items they need for menstruation, and an organisation was raising funds for these items .... would the issue be - *'girls deserve the same education rights as boys'*, or *'if you invest in a girls education, women end up have a bigger role in the community - but only if they are better educated.. and yet they miss one week every month off school.'*
15. **Make sure you thank people** – build a community to carry on (NB: with Kickstarter you don't get donors email addresses)