The Crowdfunding Handbook

A guide to running your campaign

Foreword

Collaborative online fundraising is changing the world. Whilst many entrepreneurs, game designers, and film directors have benefited to date from the massive growth of crowdfunding, we want everyone to be part of this revolution, including every child, student, educator and their schools, colleges and universities. Educational institutions will form the cornerstone of the 21st century society, and our mission at Hubbub is to engage communities in the activities of those living, working, playing and creating within these vibrant establishments.

We've learned a few things along the way about how to run successful campaigns! It is our aim with this short book to explain crowdfunding processes, and provide the basic structure and advice to get you started. We hope you enjoy it. Most of all, we hope it stimulates you to think creatively about new ways to engage communities.

Finally, crowdfunding is all about personal interaction. So please get in touch. We'd love to hear back from you on what you thought of our book, and on your own personal experiences with crowdfunding.

Best of luck!

Jonathan May

CEO of Hubbub

@jonathan_may

Introduction

Congratulations on starting your crowdfunding project!

This book is a guide to maximise your chances of success. There are four key tips to follow during your project:

1. Build your tribe
2. Get excited
3. Ask for what you want (personally)
4. Say thank you

Each section of this book aims to make following each of these tips as straightforward as possible.

Good luck!

Duncan Knox

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PREPARING FOR YOUR PROJECT
Build your tribe

Expect the unexpected

What can I expect during my project?

Most crowdfunding projects follow a profile of three distinct phases:

Quick out of the blocks

You're excited about your project and you push it to friends, family, and other members of your institution or organisation. These are also lovely people who will help spread your project (if you ask them to) so an early flurry of activity is normal. Achieving 30% of your funding target in this period is great (Hubbub finds that projects that achieve 23% of their target go on to be successful; Kickstarter finds that projects that reach 30% of their target have a 90% chance of success*).

The dry months

Things might go a bit quiet in the middle (this is why shorter projects - which keep their momentum through this period - tend to be more successful).

Better late than never

At some point you see your deadline approaching, and start to panic! You promote your project more vigorously, stressing the urgency of sponsors' donations because of the all-or-nothing funding model. Very often this works! Some early sponsors may even make an additional donation because they want to see your project succeed. In crowdfunding, the majority of donations are received towards the end of projects.

*http://www.kickstarter.com/blog/happy-birthday-kickstarter

People power

Should I let people know about my project before it starts?

For every 10-fold increase in Facebook friends, your project's chances of success double*. So, a project creator with 1,000 Facebook friends is twice as likely to succeed as a project creator with 100 friends (with the same funding target, of course).

> *"Kickstarter campaigns fail when the tribe of people who believe in the idea is too small... Kickstarter is the last step, not the first one... [it's a way to] organize and activate [your] tribe"* - **Seth Godin**

How can I grow my tribe?

The first time someone hears about your project might not be the best time to include a request for money. Around a month before your project starts, you should spread the word to friends, family, colleagues, and any relevant groups or organisations who might support you later on. This is called a soft launch and can be a very effective way of gaining support so that when you do launch, you can start with a bang!

You can also find new members of your tribe using a blog, or social media sites such as Facebook and Twitter (more on this in the Promoting your project section). There's obvious benefit to linking all your profiles and pages together, and to your project page.

*http://www.appsblogger.com/behind-kickstarter-crowdfunding-stats/

TIPS:

- **Softly, softly, catchee monkey**

  Have a soft launch a month before your campaign starts.

- **Be social!**

  Set up a project Facebook page, Twitter profile, and blog, and make them interesting!

CREATING YOUR PROJECT
Get excited!

Size matters!

How high should I set my funding target?

"increasing goal size is negatively associated with success." * - ***Prof. Mollick***

Unsurprisingly, setting a larger funding target does reduce your chances of success. But don't go setting a low target, expecting to raise lots more - most successful projects raise no more than 10% over their target. Some projects do raise double their target, but don't expect this! Set a funding target that allows you to complete your project.

"How do I know the project creator will spend the funds wisely?"

A common question from would-be sponsors. No matter what funding target you pick, you'll have to explain it. Sponsors want to know how their hard-earned cash will be spent, and that they can trust you. A sensible plan shows sponsors that your project is feasible.

TIPS:

- **Great expectations**

  Be careful about asking for too much more than you need to complete your project.
- **Time is of the essence**

  Consider setting your deadline at the end of a Sunday – many donations are made on weekends, when sponsors have more time.
- **Explain yourself!**

  Use your video or description to explain how you will spend the funds – crowdfunding is built on trust.

*http://www.appsblogger.com/behind-kickstarter-crowdfunding-stats/

Video killed the radio star

Why post a video?

For a start, statistics. Popular crowdfunding platform, Kickstarter, has found that projects with videos are 147% more likely to achieve their funding targets*.

Crowdfunding's meteoric rise as a fundraising model is largely because it allows sponsors to engage with projects and their creators, and experience their enthusiasm. A video is your opportunity to get this across, and is far more effective than even the most elegant prose. It can convince your sponsors that you are serious about carrying out your project and making it a big success.

*"Your video doesn't need to look expensive, but it does need to be effective, and give potential backers a reason to believe in and get excited about your project. (And, whenever appropriate, humor helps.)"** - Justin Kownacki*

What if I'm really camera shy?

*"Even if you can't be funny or don't even want to be on-screen, just doing a voiceover video of screenshots and/or photos about your project can be enough if you explain what your idea is, what you'll do with the money, and what rewards are available to backers."*** - Matt Haughey*

TIPS:

- **Enthusiasm is infectious**
  To get your sponsors excited about your project, don't be afraid to show yours! Humour helps too!

- **Knowledge is power**

  Who are you? What are you doing, and why?

- **Good things come in small packages.**

  Keep the length of your video around 1-2 mins - you'll get more views!

- **Judge a book by its cover!**

  Selecting a cool video still - or image - and maybe overlaying a short message can help engage donors.

- **The host with the most**

  If your video is hosted on a site like YouTube or Vimeo, make sure there's a link to your project!

*http://www.appsblogger.com/behind-kickstarter-crowdfunding-stats/

**http://blog.hubbub.net/2012/03/13/7-reasons-why-crowdfunding-projects-fail/

  http://www.socialmediaexaminer.com/11-tips-for-crowdfunding-how-to-raise-money-from-strangers/

***http://a.wholelottanothing.org/2011/05/kickstarter-tips-from-a-fan-of-crowd-funding.html

A GREAT VIDEO EXAMPLE:

FOURH4ND on Hubbub

The greatest reward

How important are rewards?

Very! The most successful crowdfunding projects involve LOTS of sponsors, donating SMALL amounts. That's why it's important to have cool rewards under £/$50. Projects with rewards under £/$20 are 83% more likely to be successful than those without.* The average donation in social crowdfunding is around £/$25 so it's important to have a reward here too.

What should they be?

Ask yourself: what would you want? Mementos and experiences related to your project are the most common rewards, and for good reason. If anything is created during your project this should be in the rewards. For example, clothing or kit, a brochure, photographs, or a recording. Experiences can include viewing a performance, or contributing to the project in some way.

How should I price my rewards?

Crowdfunding isn't charity, so keeping rewards around their "high-street" value is your best bet for attracting donations. Grouping lower rewards in with higher rewards is a great way to encourage sponsors to give a little bit more. For example, include your first reward in your second reward, and both of these in your third reward, and so on...

TIPS:

- **All the small things**

  Offer cool, small rewards.

- **The price is right**

  Keep merchandise-type rewards around their high-street value.

- **Relevance, your honour?**

  The best rewards are those related to your project, such as anything you produce during or after it.

*http://www.kickstarter.com/help/school/creating_rewards

EXAMPLE OF GROUP REWARDS:

DjangoPi on Hubbub

£10

9 Sponsors

Standard donation

For this donation, you'll be recognised as one of the website funders on a special dedication page and you'll get an awesome DjangoPi sticker.

£25

10 Sponsors

Bigger donation

For this donation you'll receive everything above plus early access to the website.

£50

2 Sponsors

Large donation

For this donation you'll receive everything above plus a T-shirt with the DjangoPi logo on it.

PROMOTING YOUR PROJECT

Ask for what you want (personally)

It's not what you know...

Where can I find my first sponsors?

Whether you've built up your tribe or not (see the chapter People power), the best way to achieve early donations is by using your personal network: your family and friends. Once you get a few donations your project will look more credible to other sponsors. It doesn't matter if you call, text, email, tweet, or send messages on Facebook – the messages just have to be PERSONAL.

Who else can I contact?

With social crowdfunding there are very often related organisations or institutions who will help spread your project or even make a generous donation. For example, current or previous education institutions, governing bodies, or relevant charities. Meeting these organisations may be time well spent! Facebook and LinkedIn are great sites for finding relevant groups and organisations.

Should all my promotion be online?

No! Ask if you can talk to relevant groups who meet locally. Get contact details of anyone who expresses interest and follow up with a phonecall. Printing posters and flyers can also help your promotion.

TIPS:

- **Friends forever**

  Contact your family and friends straight away. Plan messages every couple of weeks.

- **The more, the merrier**

  Think hard about any other people or organisations you know who would be interested in your project. Use Facebook and LinkedIn to find them.

- **Living in a material world**

  Talk to people who will care about your project. Put flyers in their hands and get their business cards!

- **A personal touch**

  Take the time to reach out to all contacts, PERSONALLY.

- **Be grateful!**

  Say thank you, and ask for help spreading your project.

Let's face it!

How should I use Facebook?

Facebook is a great way to find people who will be interested in your project, but simply posting on a few pages and groups will NOT result in automatic success. To get donations, you need to interact with relevant individuals, and get them interested in your project. Social crowdfunding succeeds when sponsors ENGAGE with projects and their creators.

"It's important that some sort of relationship is formed … before asking strangers for money." - **Ben Hamilton***

Where should I look and how should I interact?

Search for pages that are related to your project. Also think about any institutions or organisations that may be interested. Asking questions or contributing to discussions is a great way to steer people towards your project.

What about *my* Facebook page?

As the number of people who 'like' your page grows, you need to continue to engage them. Share links to 'updates' (more on this in the chapter Update, update, and away!). Whenever possible, use an image with a post – this is much more engaging! Your goal is to be so interesting that people 'like' your posts, automatically sharing them with their network of friends. 'Tagging' relevant people or groups can also draw traffic to your page, and project!

TIPS:

- **Finders keepers**

  Use Facebook to find relevant groups of potential sponsors.
- **Stranger danger!**

  ENGAGE sponsors before asking for donations.
- **An image is worth a thousand words**

  Use images and tags with your posts!

*http://www.pleasefund.us/blog/article/5-and-a-bit-facebook-crowdfunding-tips

You are what you tweet

Why should I use Twitter?

Twitter allows you to reach beyond your immediate sphere of influence, speak directly to important people who might help your project, and find people with shared interests who you didn't know existed!

If there are organisations you'd like to contact, tweeting at them or their staff can

be a great way to initiate a conversation. Searching for key words relevant to your project will find people who might be interested in what you're doing.

How do I get people to follow me?

People will follow you if you tweet lots of interesting content. The majority of your tweets should be about relevant topics, and not just about your project. You have to get them interested!

If there's a specific person or organisation that you'd like to retweet you, it's best that you tweet at them (mention their twitter handle in a tweet) and write something that their followers would find interesting. Asking for retweets explicitly has a low success rate, and is often a good way to annoy people.

How can I use hashtags?

People talking about a hashtag relevant to your project might be interested in you. Find these with the Twitter search. However, it's important not to wade in and disrupt a conversation, unless your project will be highly relevant to the participants. Often, just as in the last chapter, you need to ENGAGE people before asking for donations.

TIPS:

- **Search high and low**

  Use Twitter to contact relevant organisations and individuals.
- **If you ain't sharin', people ain't carin'**

  Be active, and tweet lots of interesting content on topics around your project.
- **Tag me in**

  Find people with similar interests by searching and using relevant hashtags.

If you don't ask, you don't get!

What's the key to getting donations?

Ideally, your sponsors won't be complete strangers because you've followed the advice in the chapter Let's face it and built relationships with potential sponsors. However, there is only one way to get what you want and that's by ASKING for it!

"approach your post with some sort of an angle rather than simply asking for money. Highlight a particular [reward] of yours for example, or an abstract from your project summary." * - **Ben Hamilton**

You must learn to ask people for donations, whether they are family, Facebook acquaintances, or company executives in a meeting. Remember, you're not begging – you're giving sponsors back something of value... rewards!

I've asked, but I haven't heard anything back!

Whether we're your close family or someone you've only spoken to on Facebook, most of us are very busy, so you will have to send reminders. We don't mind - a message every couple of weeks will be welcomed. Say thank you, and ask us to share your project with our networks.

TIPS:

- **Always. Be. Closing.**

  ASK for donations! And use an angle.
- **Perseverance pays off**

  Send polite reminders every couple of weeks.

- **Spread the word**

  Ask anyone you've interacted with to share your project with their networks.

*http://www.pleasefund.us/blog/article/5-and-a-bit-facebook-crowdfunding-tips

Stop press!

Is my project newsworthy?

"crowdfunding is still relatively new and so your local newspapers may well be interested in what you're doing. If you send them a short press release, give them a quick phone call, tell them what you're doing, why and what makes it newsworthy, they may well write a story and include the link to what you're doing."

In any article or interview remember to let people know why your project is relevant to them and what they can get out of it (like rewards!). This is the the key to engaging them in your project.

How else can I reach out to the local community?

You can also contact popular local blogs, radio stations, or even news stations. Great stories often get passed up these channels for greater exposure. This doesn't have to be too time-consuming - quick phone calls or short messages are all that's needed to gauge initial interest.

TIPS:

- **You get what you give**

  Let people know why your project is relevant to them!

*http://www.bloomvc.com/blog-post/so_now_what

PRESS EXAMPLE:

- Walking Bristol were covered by the BBC

- Walking Bristol on Hubbub

In good company

Will companies donate?

Yes, but you will normally need to offer some (fairly unique) benefit to them. Due to the relatively small donations typically made in crowdfunding, the types of companies that will donate are those relevant to your project, and of an appropriate size. You will also need to offer rewards that are appropriate for them.

How should I contact companies?

Phone, email, social media - anything! But it is important to know who you're trying to contact, or at the very least, which department. You may find more success by making a phone call - it's easy for busy people to ignore emails.

What info should I give to companies?

If sending an email, you don't want to overwhelm them with information. Writing three SHORT bullets at the top of the email is very effective. They should be:

- What you're doing
- Who you are
- How it can help them

TIPS:

- **Failing to prepare...**
  Try to find corporate sponsors based on your project's area of interest.
- **Short and sweet**
  Send a concise email with THREE bullet points*.

*http://www.youtube.com/watch?v=MrpqhJYQpt0

Update, update, and away!

Should I use updates?

All good crowdfunding sites let you add "updates" to your project. This is an important part of your fundraising campaign. Sponsors who have donated to your project want to know how your project is developing - do this and they will be more likely to promote your project to others. Potential new sponsors will also see the activity and see that you are a motivated project creator.

What should I post as an update?

Absolutely anything related to your project and its progress. Make it interesting - use images to bring your updates to life! You can also ask sponsors to promote your project to their networks, or give you details of their relevant contacts, who could lead to many more donations.

TIPS:

- **Be regular**

  Post frequent updates about your project.

- **An image is worth a thousand words**

  Use images!

- **Ask nicely**

  Don't be afraid to ask for more help from your sponsors - they want you to succeed!

AFTER YOUR PROJECT

Say thank you

Thanks a million

My project has finished. What now?

Whether your project was successful or not, it's important to say thank you to the sponsors who placed their faith in you. You can do this with an update, but it's also important to send emails – you can do this through your project dashboard on all good crowdfunding platforms. It's a nice touch to continue to add updates to your project to let sponsors know how you're getting on.

Delivering rewards

As part of your thank you messages, let sponsors know when they can expect to receive their rewards. Delays do occur, and sponsors won't mind this so long as you let them know! It's better to use emails, rather than updates, for this, as you'll be sure they have seen it. A brief hand-written "thank you" with each mailed reward is a great way to bring your successful crowdfunding campaign to a close.

TIPS:

- **Do unto others...**

  Say thank you!

- **In the know**

  Update your project as you carry it out.

- **A stitch in time...**

  If you will be late delivering rewards to sponsors, tell them first!

Good luck!
@duncanknox