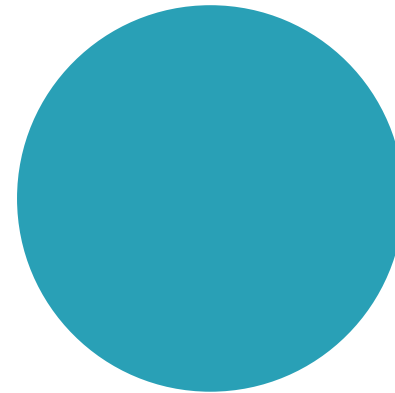
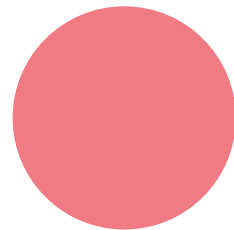
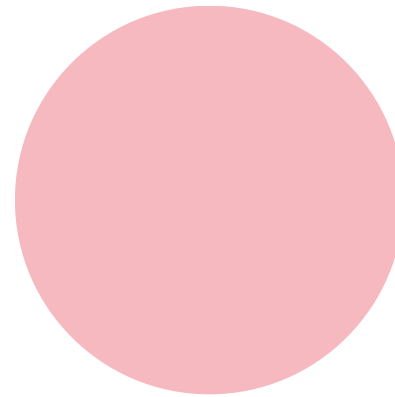
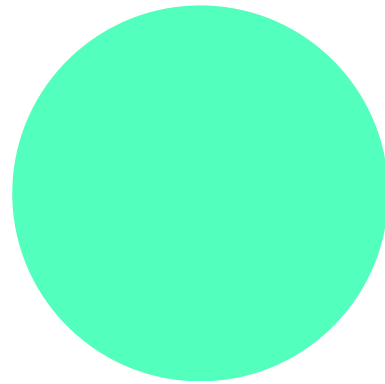
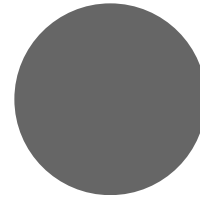
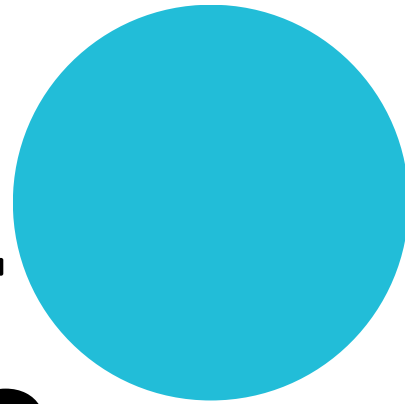




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CROWD- FUNDING GUIDE



SUCCESS

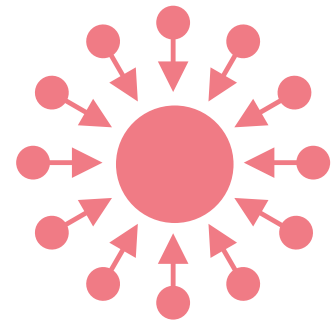


The booklet was edited and published in the Frame of the Erasmus+ Strategic Partnership SUCCESS (Supporting Critical Funding for European Social Economy and the 3rd Sector-2020-1-DE02-KA202-007404

Disclaimer

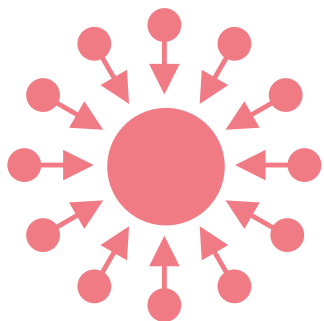
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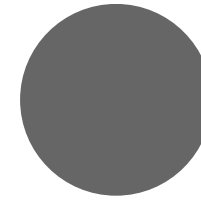
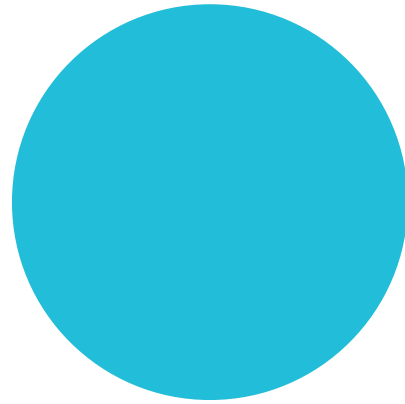


CONTENTS

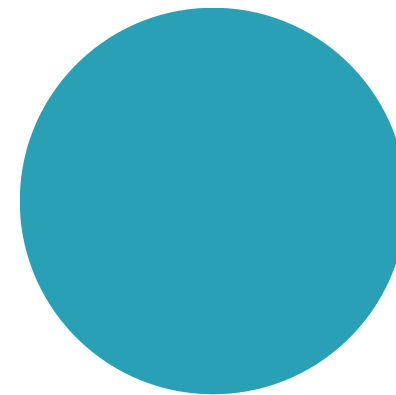
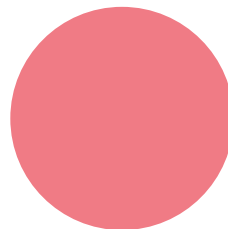
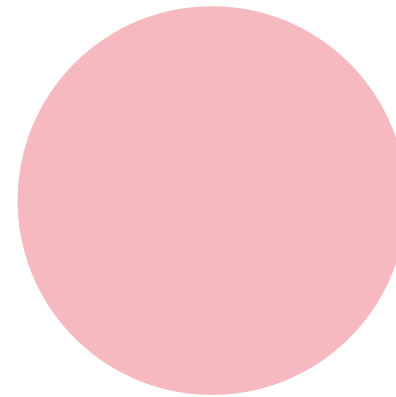
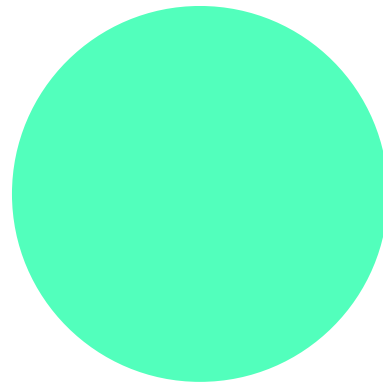
1. The mechanics of Crowdfunding - how it actually works
2. The Pros and Cons and risks associated with Crowdfunding activity
3. What platforms support 3rd Sector organisations and how they work
4. Set your funding goals (decide how much to try and raise and choose a platform)
5. Financial Considerations: proper management of funds, separation of crowdfunded income from other sources, management of funds in case of shortfall / excess.
Dealing with conflict issues regarding raising of funds, regular donations from the existing donor base.
6. Risk factors: identifying range of risk factors and development of strategy to minimise / deal with risks
7. Logistical management issues: management of the preparation period, campaign itself, relationship with funders, implementation of outcomes
8. Governance compliance checks to ensure that the proposed campaign is compatible with the charity's, 3rd Sector Agency's purpose and ensuring that the requisite internal controls are in place

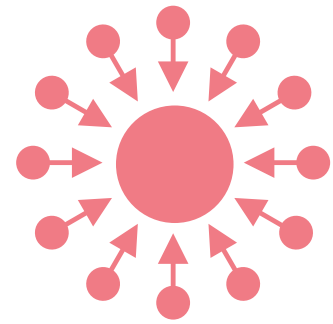


**HOW
CROWD-**



**FUNDING
WORKS**





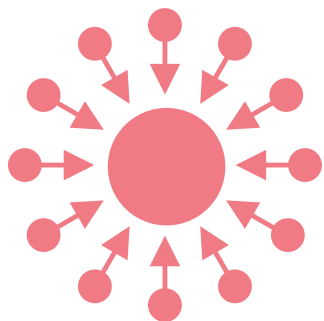
ABOUT CROWDFUNDING

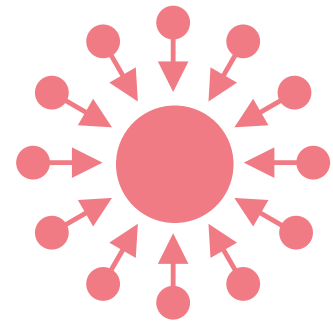
“Crowdfunding is the process of asking the general public for investment, usually via an internet platform”

Pitch ideas straight to everyday internet users who provide the financial backing

Potential Benefits

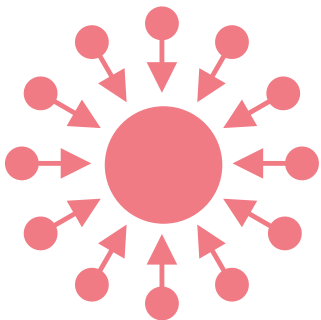
- Financial support
- Validation of the idea
- Market research
- Glean feedback
- Win fans
- Public recommendations

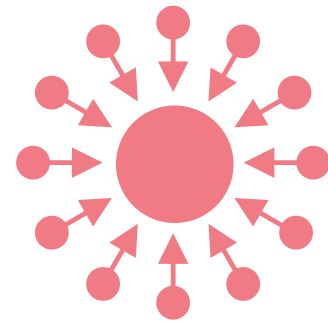




PEER-TO-PEER LENDING

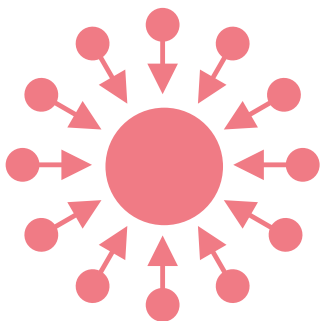
- Fastest growing type of Crowdfunding
- Business lending share is increasing
- Trading across borders is possible, but difficult to regulate

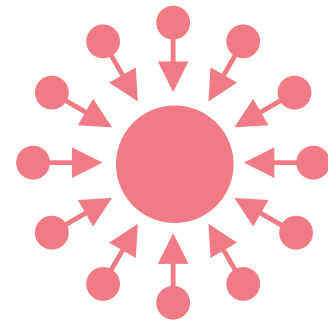




REWARD CROWDFUNDING

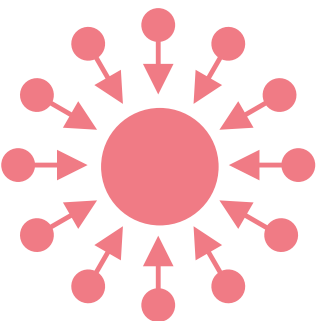
- Material rewards and/or services in exchange for money pledged
- Rewards tailored to the project and pledge amounts
- Financial reward is never offered to backers
- Usually operates on an 'all-or-nothing' basis

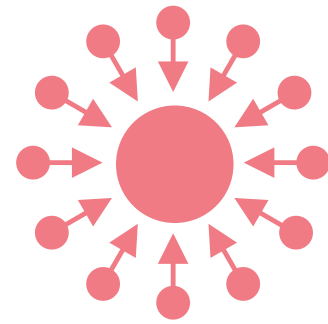




EQUITY CROWDFUNDING

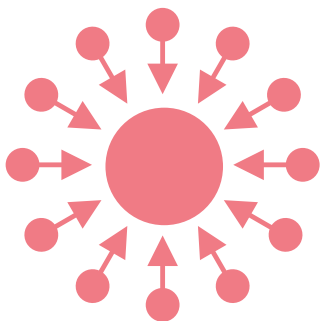
- Company shares (equity) are offered to investors from 'the crowd'
- Increasingly important financing option for start-ups
- Approaches to regulation varies from country to country



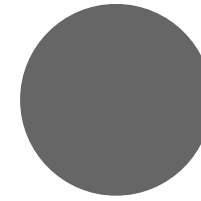
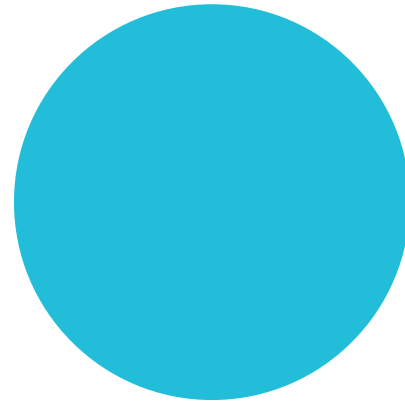


DONATION CROWDFUNDING

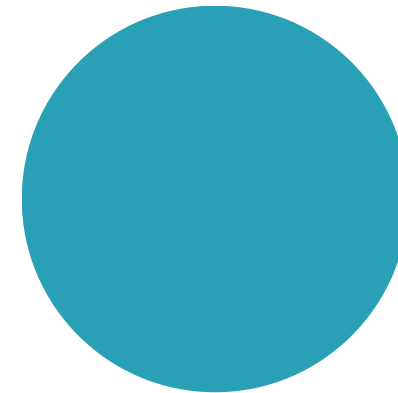
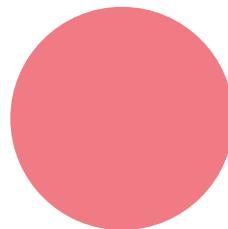
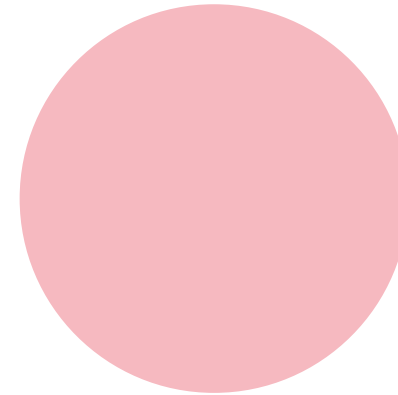
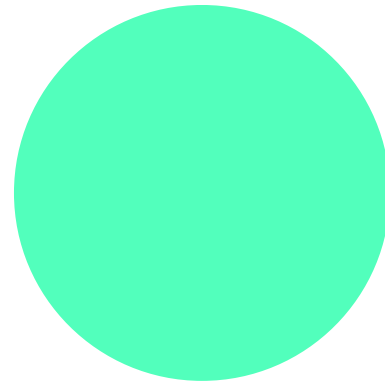
- Primarily used for fundraising by charities and 'good causes'
- Social reach can be turned into charitable donations
- Usually operates a 'Keep-it-all' model

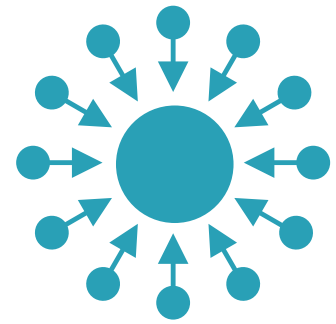


PROS &



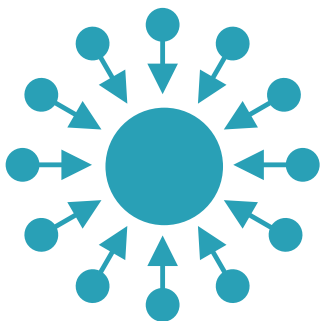
CONS

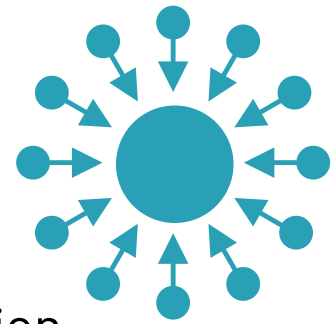




A Crowdfunding campaign can bring with it more than financial support:

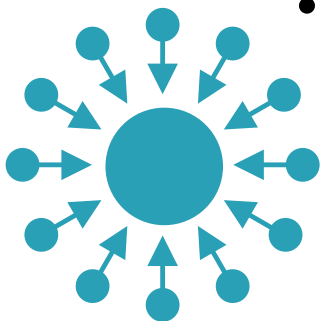
- Gain from early validation of the idea
- Get an indication of market scope
- Win fans and supporters
- Gain wider attention and awareness of your efforts

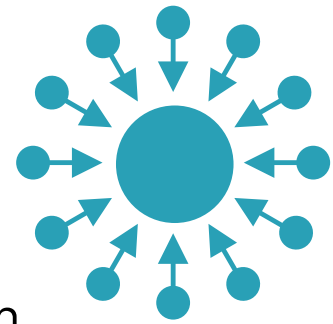




Listed below are some of the advantages of Crowdfunding and why an organisation should consider it as part of their financing portfolio:

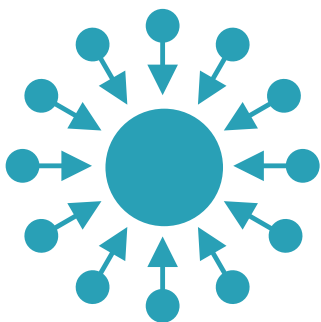
- It can provide access to funding
- It can be an excellent marketing tool, and allow you to test elements of your marketing approach
- It can help you test and prove the popularity of your product/service
- It can facilitate crowdsourcing of brainstorming
- You may receive unexpected and useful advice, and even tangible offers of assistance
- It introduces prospective loyal customers
- Your backers become part of your marketing team



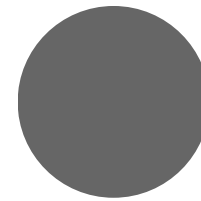
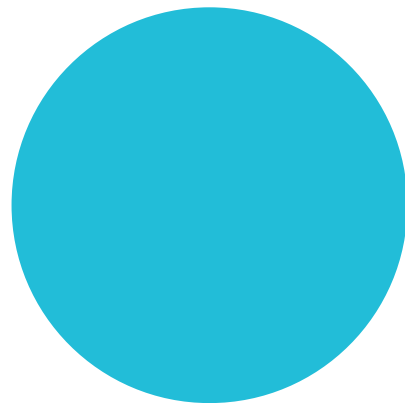


On the flip side, there can be negative consequences associated with Crowdfunding, including the following:

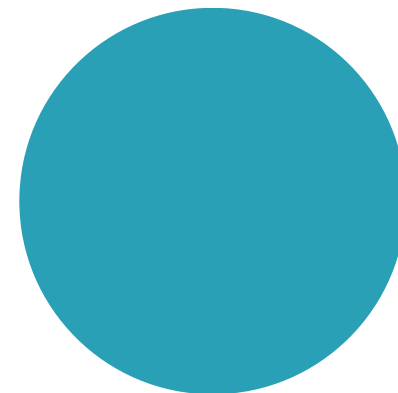
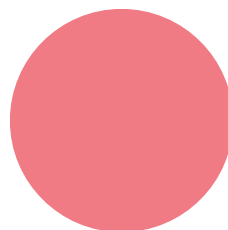
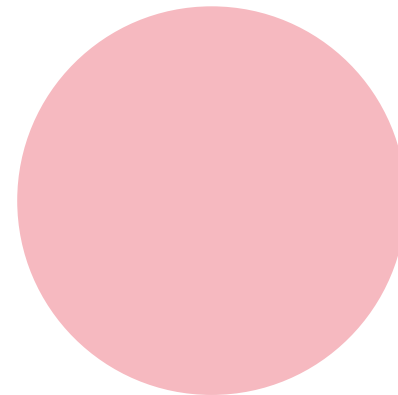
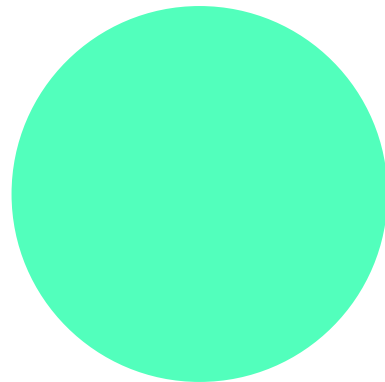
- It can be stressful, and requires tireless effort to succeed
- You must be clear on who is the target consumer
- You will need knowledge of consumer marketing, social networks and social marketing techniques
- It requires a high level of creativity in how you publicise and promote the campaign
- The project must be sufficiently interesting to a sufficient number of people to have a chance of success
- Projects compete against other projects
- It doesn't always work



**SETTING
CAMPAIGN**

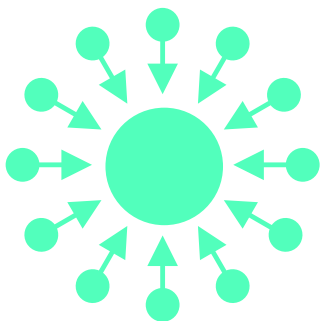
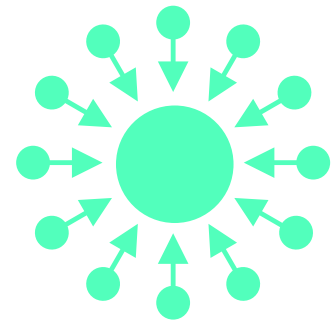


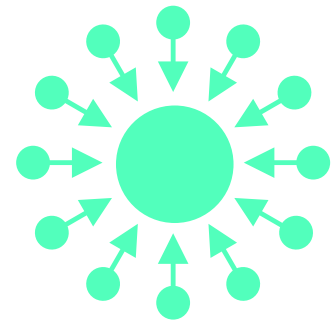
GOALS





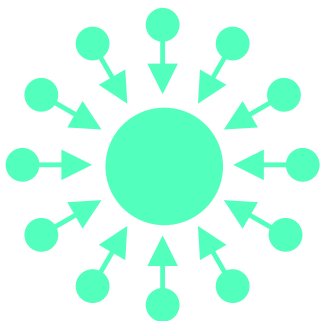
- Start Small
- Be Specific
- Consider Alternatives
- Ensure Compliance
- Pick a Suitable Platform
- Create a Detailed Plan

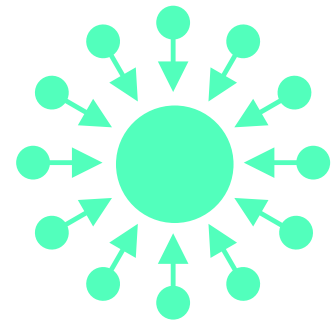




HOW SUITABLE IS YOUR PROJECT?

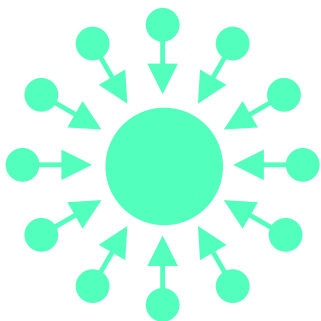
- Are you sure you need funding at all?
- If you are, then test your idea with friends and relatives first
- Get them to spread the word and test it on their friends
- Is your product exciting enough?
- How do you intend to create the buzz?
- Are you ready to handle the huge volume of communication?

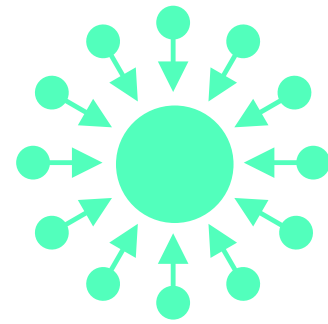




BUDGET AND FUNDING GOALS

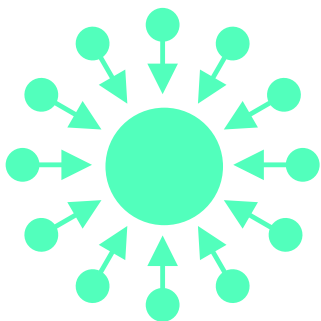
- Research similar campaigns for ideas
- Prepare a detailed project budget
- Set realistic funding goals
- Check platform rules and fees specific to your project
- Make sure to budget for all associated costs, fees and taxes

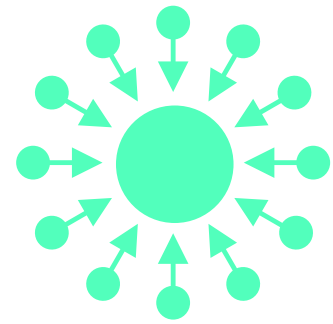




CHOOSING A PLATFORM

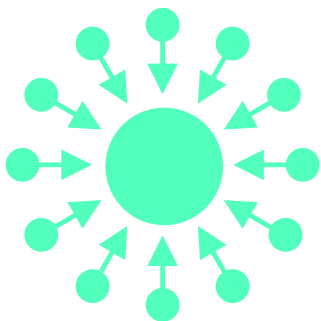
- Decide what type of Crowdfunding you will use
- What platforms are most popular in your Country?
- Consider platform costs, restrictions and rules
- Study other projects





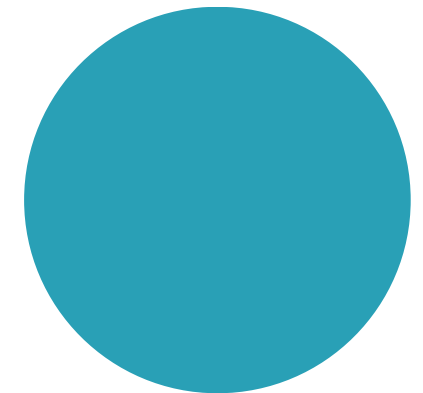
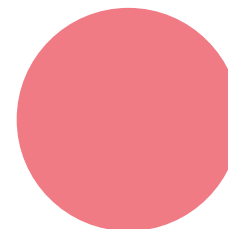
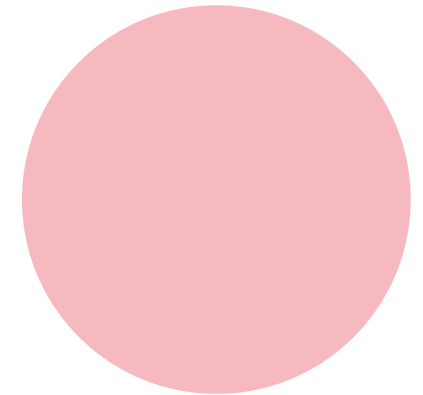
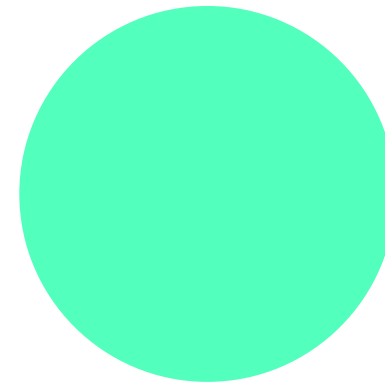
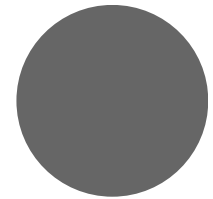
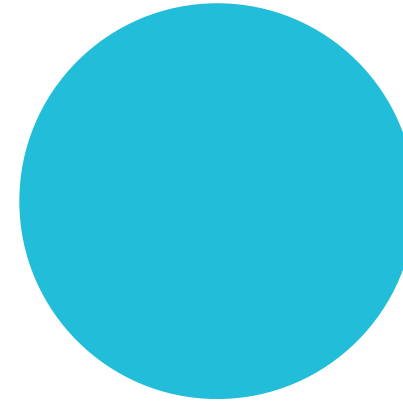
DEVELOPING A SCHEDULE

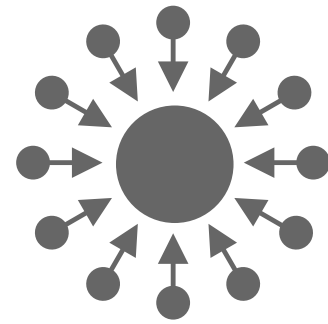
- The project schedule is a crucial component of your strategic plan
- Create a team and divide the tasks according to the strategic plan
- Think about the right timing for the start and progress of all project phases
- Phases include planning, pre-campaign, during the campaign and post campaign
- Optimal duration of the funding phase is 30-40 days



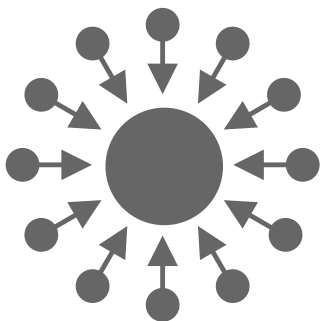
FINANCIAL

CONSIDERATIONS



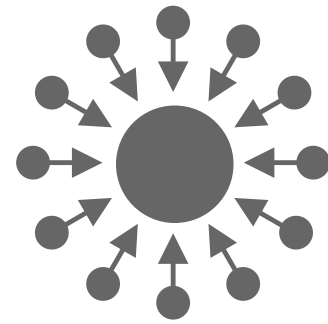


- Research similar campaigns for ideas
- Prepare a detailed project budget
- Set realistic funding goals
- Check platform rules and fees specific to your project
- Make sure to budget for all associated costs, fees and taxes
- Plan for potential demands of oversubscription
- Plan for failure

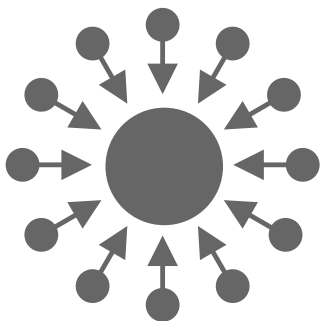




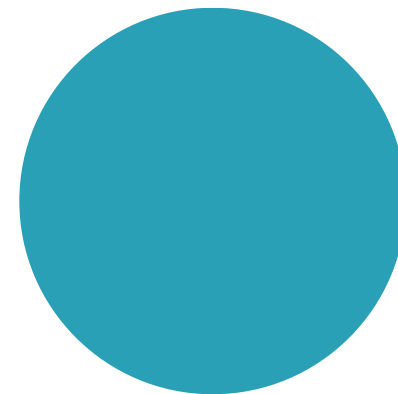
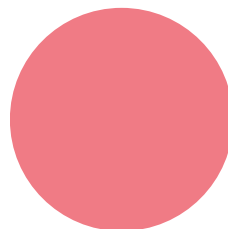
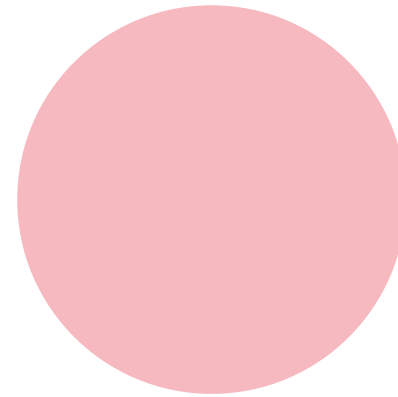
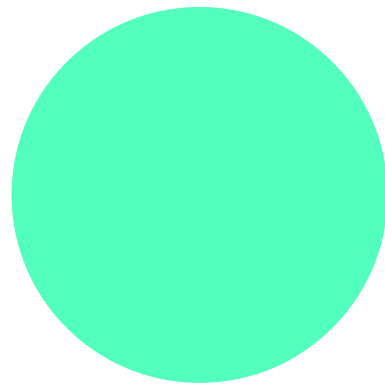
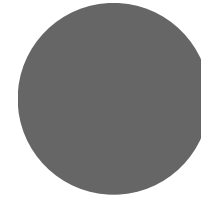
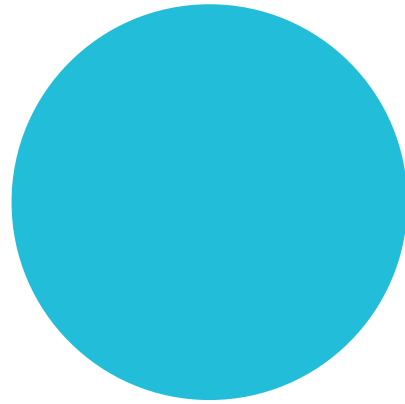
You need to take into account the total costs associated with a crowdfunding project and these costs include (but are not limited to) the following:

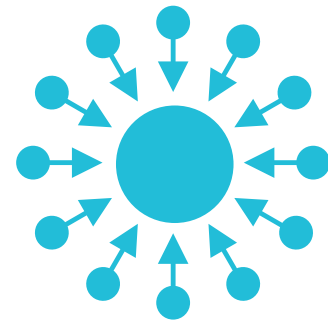


- Costs strictly associated with the project (day to day business costs)
- Actual, fixed cost of executing your project
- Cost of using the platform including commission and payment processing fees
- Reward fulfillment costs, if relevant
- Potential tax implications
- Cost of making a pitch video(s), website, incl. designers and a video producer etc.
- Advertising costs, such as pay-per-click or press release distribution.
- Consider building in the costs of hiring a campaign consultant or PR company
- Legal and professional fees
- Contingencies



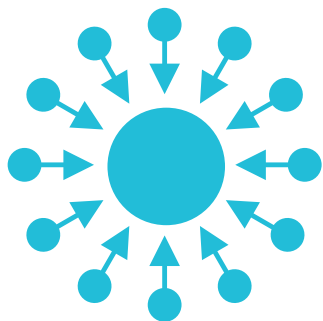
RISKS





There are many advantages to crowdfunding, but there are also potential risks that you should be aware of. This section will help you understand and navigate the potential pitfalls of crowdfunding.

- There's no guarantee you will reach your target
- Your intellectual property becomes public
- Underestimating the costs
- Underestimating the work and time required to manage a fundraising campaign
- Reputational damage
- Disclosure and legal requirements
- Law-breaking
- Breaking the crowdfunding platform fundraising terms and conditions
- Problems with the platform
- Issues with responsibilities towards investors and investor dynamics
- Investors wishing to exit

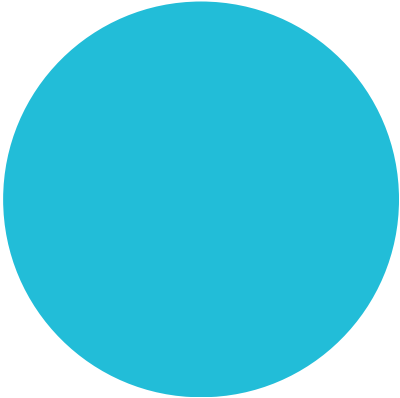


https://ec.europa.eu/growth/access-finance-smes/guide-crowdfunding/what-crowdfunding/what-are-risks_en

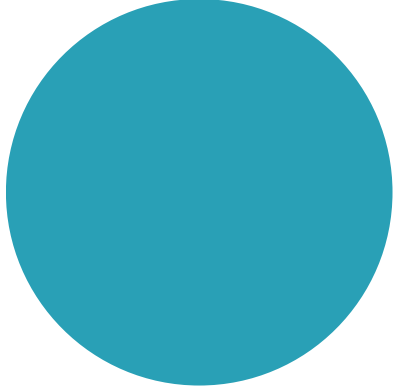
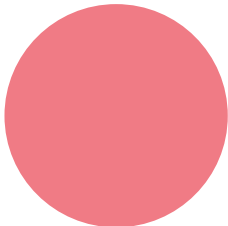
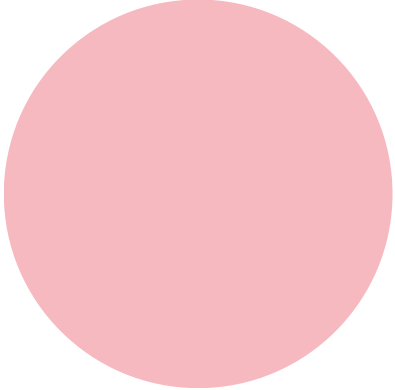
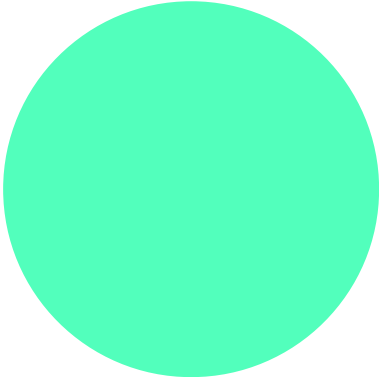
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Erasmus+ Programme
of the European Union

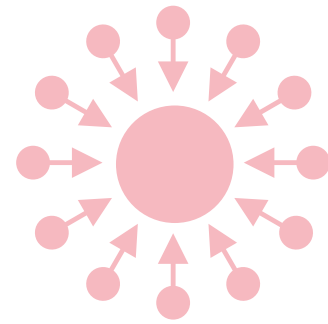


CAMPAIGN



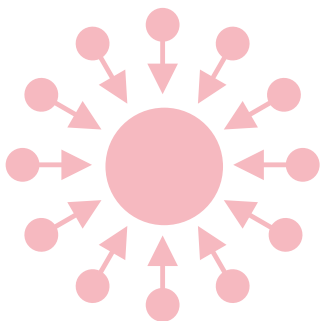
MANAGEMENT

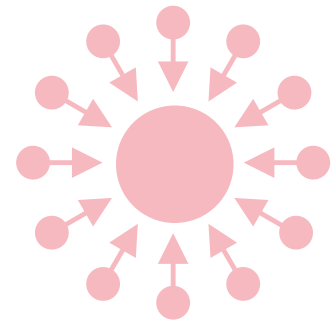




THE PITCH

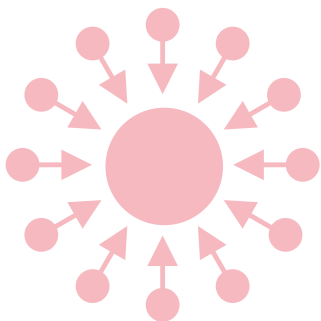
- Create the right first impression
- Communicate your message clearly, and concisely
- Focus on your project benefits rather on specific features
- Understand the platform rules
- Ask for support
- Create a call to Action

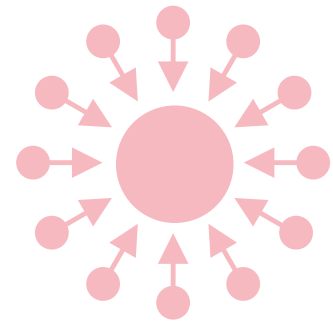




THE VIDEO

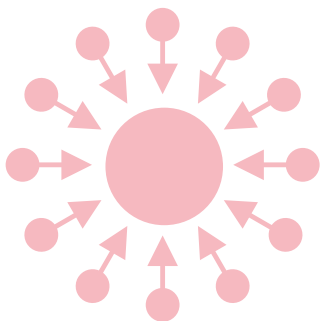
- Projects that have a video(s) perform best
- Keep video(s) short – three minutes is plenty
- Be clear, passionate, professional and memorable
- Avoid long boring monologues
- Rehearse until you are comfortable and confident

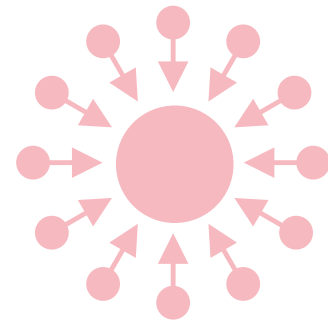




CREATING A BUZZ

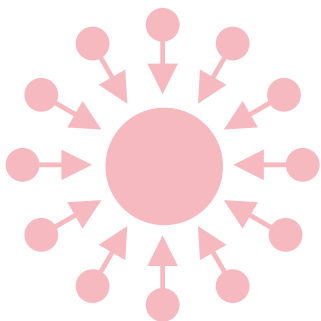
- Identify your target audience early
- Define your marketing / PR strategy
- Establish a landing page and social media accounts
- Allow for time and effort to build momentum before campaign launch
- Engage with and utilise bloggers and influencers
- Drip-feed info and engaging content to maintain the buzz



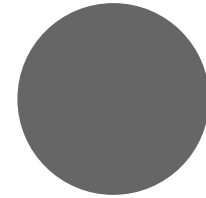
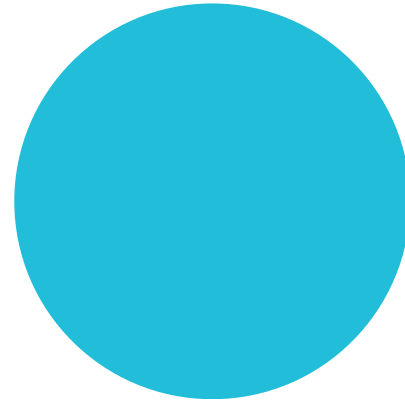


MAXIMIZING SOCIAL MEDIA

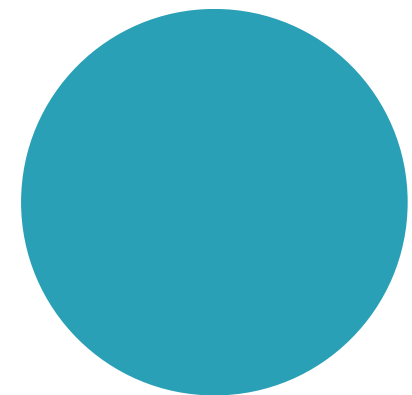
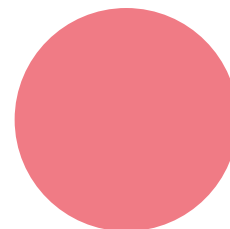
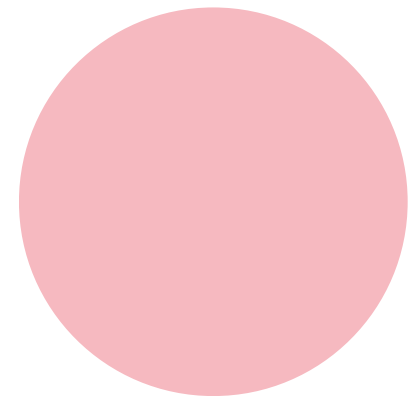
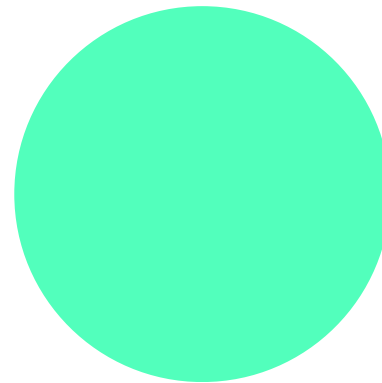
- Pick the right platforms
- Create an explainer video(s)
- Promote pins on Pinterest
- Use Facebook ads
- Implement LinkedIn sponsored updates
- Advertise on Twitter
- Share on Instagram

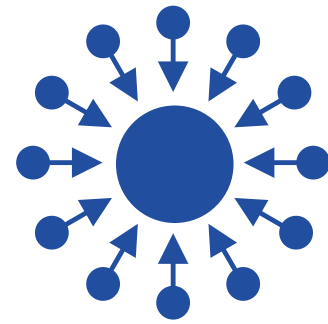


GOVERNANCE



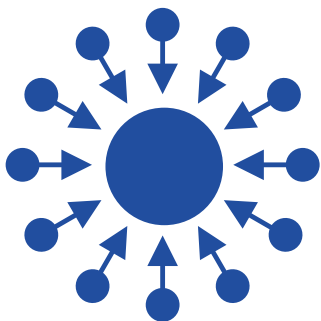
COMPLIANCE

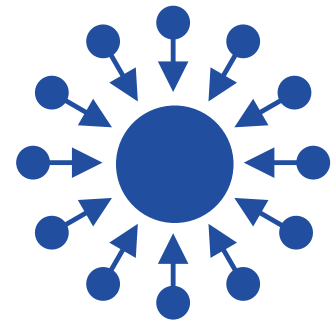




LEGAL & FINANCIAL CONSIDERATIONS

- Get to know the regulations that apply to you
- Regulations can vary from country to country
- Plan for taxes and other unexpected costs
- Registering your trademark is almost always a good idea
- Have a financial plan for both campaign failure and extraordinary success
- Be honest, keep your promises





AFTER YOUR CAMPAIGN ENDS

- Withdrawing funds is usually a straight-forward process
- Keep records for Regulatory and Audit purposes and also for Marketing
- The campaign data can be as valuable as the money you raise
- Communication is critical during the fulfilment process
- Keep Your Backers in the Loop
- After achieving funding goals, build on your success

