

## Crowdfunding Part 2

### Crowdfunding Made Simple

## How to Execute a Successful Crowdfunding Campaign

#### Crowdfunding

Raise funds  
Raise awareness  
Raise support

#### Introduction

Today, the magic of crowdfunding is being used the world over by businesses at all stages of growth to raise funds, awareness and support for great ideas.

From early-stage startups to up-and-coming scale-ups, tapping into the power of the crowd is a great way to secure the finance you need to fund your most important projects.

We've created this handy, go-to guide to help you realise the full potential of your crowdfunding campaign. Follow the 10 steps below and maximise your chances of reaching your target.



#### What Is Crowdfunding?

Crowdfunding (sometimes called 'crowdlending') is the process of raising small amounts of funds from large amounts of people (i.e. the 'crowd') in order to finance a new business venture.

Using the power of the internet, crowdfunding platforms bring together businesses in need of funds with private individuals with money to invest. By expanding the pool of investors, businesses can often raise large amounts of capital, and raise awareness and support for their venture at the same time.

In exchange for funds, backers receive rewards, equity, or their money back with interest, depending on the crowdfunding model.

### 10 Steps to Crowdfunding Success

#### Step 1 – Pick Your Platform

There are essentially three types of crowdfunding model made available by a wide range of crowdfunding platforms operating today. These are:

- **Equity-based crowdfunding:** Backers receive a share of the company they are financing in return for cash.
- **Debt-based crowdfunding:** Also called 'crowdlending', businesses borrow small amounts of money from large amounts of investors, who will receive their money back plus interest on the loan over time.

- **Rewards-based crowdfunding:** Businesses receive monetary funds from a crowd of lenders in exchange for non-monetary rewards. For example, a computer games company might reward backers with an advanced copy of the game in exchange for their investment.

The number of crowdfunding platforms has exploded in recent years. You will need to research what's available and pick the one with the right model for your business. The platforms [Race To Scale](#), [Kickfurther](#), [Crowdcube](#) and [Indiegogo](#) have great models available for scale-ups.

#### Step 2 – Set Your Budget and Funding Target

It's important that you're absolutely crystal clear about how much money you need to fund your new business venture, where it's going to go, and what your timescale is.

You will also need to budget for the commission that the crowdfunding platform will take for hosting your campaign, for any rewards that backers may be in line to receive, and for the promotional video that you will need to shoot.

**Top tip:** In addition to asking for funds, crowdfunding platforms can also be used to ask people to donate their skills or their time towards your project.

#### Step 3 – Write Your Story

Crowdfunding isn't just about products. Participants on crowdfunding platforms want to know where your idea has come from, how it developed, what problem it solves, and how you intend to turn it into a reality.

Almost invariably, the crowdfunding platform you sign up to will ask you to tell your story. This gives you the opportunity to explain to potential backers your background and exactly why it is you need their support.

The more you can humanise your brand the better, so write in the first person, and don't be afraid to use an anecdote to reveal how the idea first formed. Stories are emotional vehicles, and making a personal and emotional connection with your audience will be key to unlocking the funds you need from them.

#### Step 4 – Shoot Your Video

Most crowdfunding platforms will encourage you to upload a short video that introduces your business venture to backers. Although not mandatory, know that videos often [double success rates](#) for crowdfunding campaigns, so it's very important not to skip this crucial step.

Before making your video, be sure that you've written a strong script, have storyboarded it, and fleshed it out with plenty of rehearsals. Be sure, however, that as well as showcasing what your business venture is, your video focuses on what's in it for investors. No matter if you opt for a rewards-, equity- or debt-based crowdfunding model, concentrate on tying

your story into what they will receive – a clear link must be forged in order to encourage meaningful connections to be made between your business and your backers.

**Top tip:** Keep video costs down by reaching out to the local university. It's likely that you will be able to find an experienced student with access to filmmaking equipment who will be happy to help for the chance of building their portfolio.

#### Step 5 – Photograph Your Products and Your Team

Crowdfunding platforms are highly visual, and also highly competitive. In order for your campaign to stand out from the (no pun intended) crowd, it's imperative that you have a strong set of beautiful photographs showcasing your products in all their glory.

It will be worth your while to seek out a professional photographer for this purpose. Smartphone cameras are quite powerful these days, however, to really make an impression (which is what successful crowdfunding is all about), they will rarely suffice.

It's also important that you photograph your team and include a friendly, short biography for each member. People invest in people, and no matter how great your business idea is, the crowd will want to know more about who's behind it, and who will be in charge of the funds they invest.

#### Step 6 – Soft Launch

Before the official, public launch of your crowdfunding campaign, many crowd funders find their chances of success improving with a soft launch that takes place over a 2- to 7-day period prior to the big day.

This soft launch should be reserved for your early supporters in your existing network. The idea is to raise as much capital as you possibly can before you make your campaign public. Having a strong start with a decent percentage of your target already pledged shows the crowd that your campaign has support, and will encourage potential backers to make a pledge.

A great idea is to host an official soft launch event, where you invite early supporters and some key industry influencers to come and see the work in progress for themselves. You can also use it as an opportunity to collect email addresses, and hand out a few giveaways to get people excited about the campaign.

**Top tip:** Soft launches are ideal for creating a buzz and rallying your most trusted troops to spread the word about your campaign. Take photos of the event, and encourage your supporters to share them throughout their online networks before the official launch day.

### Step 7 – Public Launch

Now's the time to make your campaign public. Ideally, your soft launch will have generated at least 25% of your funding goal. This will validate your campaign in no uncertain terms as it now reaches the crowd.

In the run-up to the public launch, it's also a strong move to create a series of "countdown" social media posts, alerting your network that your "Campaign launches in just 2 days/1 day/12 hours", using imagery from your soft launch to arouse excitement.

Go strong on your first day. Promote your campaign across all channels available to you – your blog, your Twitter, LinkedIn, Facebook and all other social media accounts.

On the second day, update your audience with a videoed personal message, praising the community for their support so far, and then continue to deliver these updates as your campaign progresses.

**Top tip:** Alert the media with a compelling press release about your campaign.

### Step 8 – Building Momentum

[30-day campaigns are the most effective](#). Research has found that, on average, 42% of funds are raised during the first and last 3 days of a campaign's duration. This indicates that as well as having a strong launch and strong finish, you also need to be continuously building momentum with a mid-campaign strategy, as the majority of your funds will come in slowly over this period.

Make sure you reply to every single comment you receive concerning your campaign, be it on social media or on the crowdfunding platform itself. Ensure, also, that you're thanking your backers personally via email each time a new pledge is made.

Announce regular updates about the campaign's progress once every few days. Try and make these as compelling as possible, ideally using video as your medium. Be sure to stay enthused, remind viewers what the campaign is all about, thank backers, and encourage everyone to share the video.

What you must always remember about crowdfunding is that your goal throughout your campaign (aside from reaching your target!) is to create a sense of community. Announcing milestones reached and keeping right up to date with all comments left is a great way to do this. What's more, if you can keep your backers engaged and talking about what you're doing, the higher the likelihood that more people will want to get involved too.

### Step 9 – Final 3 Days

This is the make-or-break moment of your campaign, and efforts must be doubled during this period. Even if you've reached your target already by this point, don't stop. The more you can raise above and beyond your expectations, the more funds you'll have to fuel your growth.

Take to social media, rally your early supporters, offer new rewards – whatever it takes, your final three days is your last chance to get everything you set out to get.

Once again, release a series of “countdown” posts to create a sense of urgency, and also instil the fear-of-missing-out on being part of what’s set to be a fantastic business venture for all concerned.

#### Step 10 – After Your Campaign...

Congratulations! Your campaign is over, and, with any luck you’ll not only have all the finance you need to fund your new business venture, but a large and engaged community of supporters who will be with you as you embark on your next stage of growth.

However, even if you haven’t reached your target, one great perk of running any crowdfunding campaign is that you will end up with a list of your pledgers’ contact information. This can be used for all sorts of marketing initiatives, from funding future campaigns to lead nurturing.

In any case, your backers should be treated as your most valued customers, and you should continue to engage with them regularly, build on the relationships you’ve formed, and continue to use the power of the crowd to inform and promote your operations well into the future.

**Get help with your crowdfunding by emailing [info@cope-salesandmarketing.com](mailto:info@cope-salesandmarketing.com). We can help you build and launch your campaign from start to finish. Visit [www.cope-salesandmarketing.com](http://www.cope-salesandmarketing.com) to find out more about our services.**