



# Crowdfunding

# Strategy

A thoughtful, well-planned and professionally-executed crowdfunding campaign can serve to provide critical startup and early-stage growth capital.

# Crowdfunding Hierarchy

<u>Category</u>	<u>Supporter Motivation</u>	<u>Potential</u>
DONOR	Help member of alma mater	\$200 - \$2000
REWARD	Price discount for advance purchase of new products	\$5000 - \$100,000
DEBT	Better than average return	\$2500 - \$10,000
ROYALTY	Safer, faster return than equity	\$5000 - \$10,000
EQUITY	Potentially very high return (In early on next Google)	\$50,000 and up

# Donor Crowdfunding

# What Results Can Students Expect?

Assume you will raise \$200-\$500

The higher the Funding goal, the less likely a project will succeed.

Crowdfunders often choose companies to invest in based on the percentage of goal attained.

*The lower the goal, the easier it is to show significant progress early on.*

# Suggested Use of Grants

***Proof-of-concept:*** determine if the concept is technically feasible (it will work), a market demand exists, and product is not already patented:

- Creating an MVP (Minimum Viable Product)
- Lab testing the MVP
- Patent search
- Provisional patent to launch on Kickstarter

# Donor Acknowledgements

- REWARD THRESHOLD. **\$20** for intangibles; For a tangible reward (coffee cup, CD), add at least cost of reward.
- OFFER LEVELS to elicit larger donations.
- EARLY-BIRD SPECIALS for early momentum
- EXAMPLES
  - \$ 20 = Listing on web site as “supporter”
  - \$ 30 = Website listing as “Sponsor”
  - \$ 40 = Mug with your logo and “Sponsor”
  - \$ 100 = Invite to product launch party

# Promotion: Marketing the Campaign

- PREPARE THE GROUND. 90% of the work of a successful campaign takes place before it launches.
- PEOPLE GIVE TO PEOPLE. Team members should have personal pages connected to project.
- ENGAGE AUDIENCE. Create a 1 question survey around alternative product features.
- POST FLYERS AROUND SCHOOL just prior to launch of campaign



# PR (Advertising you don't pay for)

- Find bloggers, reporters who cover your industry – or town.
- Send Press Releases . *Use a service like MarketWired.com to get instant SEO boost as 200+ other websites will link back to your site.*
- Have a media kit ready for journalists
  - Bio and inspiring personal stories
  - Professional pics
  - Info about your industry
  - Social mission, how you benefit society

# Building the Prospect List

- Start NOW to build your list of
  - friends
  - alumni
  - local entrepreneurs
  - parents
  - bloggers and journalists
- If students and faculty reach out to the people they know, those people will each know 3 .....
- LinkedIn is searchable by alma mater

# Hype Via Social Media

- **Focus on engagement, not broadcasting.**  
Converse with potential customers about everyday issues. Be a personality not a spammer.
- **Optimizing Social Media Affect**
  - Start publicizing before start of campaign
  - Consider a Social Media Aggregator like [www.Hootsuite.com](http://www.Hootsuite.com)
  - Leverage with Thunderclap.it

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# The All-Important Video

## Must tell a compelling story

- You, your team, and your business
- Why should anyone care? Exude passion.
- Amount of raise, and how it will enable startup

## Video Production

- Share draft for feedback on your video and rewards
- Length: 30-60 sec. Capture attention in 10 seconds

## The following video raised \$13 million on Kickstarter

[https://d2pq0u4uni88oo.cloudfront.net/projects/730019/video-414581-h264\\_high.mp4](https://d2pq0u4uni88oo.cloudfront.net/projects/730019/video-414581-h264_high.mp4)

# Timetable

- Don't underestimate time and energy required for a SUCCESSFUL campaign.
- Develop a cadre of volunteers to help promote
- The team should raise 30% of goal prior to the official start of campaign.
- Launch all projects at your school on same day to maximize buzz and coordinate promotion.
- Do NOT launch entrepreneurship projects at same time of year as other university campaigns
- Set a consistent deadline for giving: **30** days

