

**Bates**

Sponsored Programs

# Everything You Wanted to Know about Crowdfunding (but were afraid to ask)

*Grants Presentation*

*October 14, 2015*

## Features of Crowdfunding

- Can be used by individuals, not-for-profit organizations, or for-profit enterprises.
- Based on social media strategy; donors may or may not have personal relationship with effort to which they are giving.
- Usually for a specific set of activities with a promised end product.
- Usually hosted by intermediaries that provide technical platform and *charge fees*.

# Comparison to Other Fundraising Approaches

	<b>Crowdfunding</b>	<b>Grants</b>	<b>Small Donor</b>	<b>Major Gifts</b>
Project-Based, or Mission-Based?	<b>Project</b>	<b>Project</b>	Usually Mission	It depends.
Large number of donors or single / small number?	<b>Large</b>	Single / small	<b>Large</b>	Single / small
Personal relationship?	Not necessarily	Not necessarily	<b>Yes</b>	<b>Yes</b>
Tax deductible for donor?	Not necessarily	<b>Yes, if private entity</b>	<b>Yes</b>	<b>Yes</b>

## Risks of Crowdfunding

1. Platform fees off the top (~8%)
2. Non-profits must have prior arrangement with platform for gifts to be tax-deductible for donor.
3. Some platforms require campaigns to hit their target before paying: Not all campaigns hit their targets.
4. "Crowd-funding is *hard*." – Jacquelyn Gill, Assistant Professor at U. Maine, after running a successful \$10K campaign.

# Benefits of Crowdfunding

1. Fast money
2. Seems to work well for some types of projects that aren't served well by traditional grantmaking / philanthropy: For example, ~20% of crowdfunded \$ goes to the arts, compared to 10% of foundation grant \$.
3. Provides data you can use to demonstrate to other potential donors and grantmakers that your work is reaching a wide, engaged audience.
4. Engages a new generation of potential donors in media formats with which they are familiar and comfortable.

## Who Should Try It?

Threshold questions:

- Do you have a strong social media footprint?
- Do you have a specific project in mind for which you need fast money?
- Is the \$ amount of the project realistic to raise for a project of its type?
- Is there a platform whose policies and resources are compatible with the nature of your project and the policies of your organization?

## A Word about Social Media

“Crowd-funding will only work if you’ve got a strong social media presence — particularly via Twitter. Most of our contributors came from my Twitter feed.... In fact, for large (>\$3000) projects, I really think it will take more than just the traditional social media push for crowd-funding to be successful. I had over 6,000 followers when we started, and I thought we’d have this in the bag, easily. I was wrong.”

“The effort was, at times, on par with standard grant-writing.”

- Jacquelyn Gill, “**Crowd-funded science: thoughts after 185 people gave us \$10,733 for research**”

## Some Platforms

	Kickstarter	Indiegogo	Crowdfunder	Crowdrise
Project Types	Creative only	Just about anything but investment	For-profit investment only	Causes & Charities
Partial funding?	All-or-nothing	Optional	?	No goal requirements
Rewards?	Nonfinancial	Nonfinancial	Equity	No
Fees	5% + payment processing	5% + payment processing	?	5% for all; 3% + \$50/month for 501(c)3s
Intellectual Property rules	May not be compatible with Bates IP policy	May not be compatible with Bates IP policy	Not applicable	Compatible



# Academia-Oriented Platforms

	Experiment.com	SuperiorIdeas
Project Types	Hypothesis-driven research only (natural & social sciences)	Research & Development
Partial funding?	All-or-nothing	Some flexibility
Rewards?	Nonfinancial, preferably intangible	Nonfinancial, preferably intangible
Fees	8%	7.5%
Intellectual Property rules	Compatible	Compatible
Noteworthy features	<ul style="list-style-type: none"> <li>Independent researchers may use, but prefers to work with institutions</li> <li>Donations to non-profits routed through SV Community Found.</li> </ul>	<ul style="list-style-type: none"> <li>Established &amp; operated by Michigan Technical University</li> <li>Researchers must be academically affiliated</li> </ul>

## Sample Projects

- Kickstarter: <https://www.kickstarter.com/projects/1619265419/transmissions-2-robot-art-book-by-matt-dixon>
- Indiegogo: <https://www.indiegogo.com/projects/bluestockings-bookstore-fall-fix-up-fundraiser#/story>
- Crowdrise: <https://www.crowdrise.com/seanp>

## Sample Projects

- Experiment.com:  
<https://experiment.com/projects/discovering-plant-destroyers-in-south-africa-with-citizen-science>
- SuperiorIdeas:  
<http://www.superiorideas.org/projects/velovations-enterprise>

## Bates Considerations

- Bates does not (yet) have a policy governing use of crowdfunding to fund projects at the college.
- I'm not aware of anyone here who's as social-media-savvy as Jacquelyn Gill.
- All major sites have some terms & conditions that we would want to be cautious about accepting.
- Bates Faculty can apply 3x/year to Bates Faculty Development Fund (BFDF), w/ high success rates, maximum grant amounts of \$10K, and quick decision times.

## References, and Other Resources

- Gill 2014:  
<https://contemplativemammoth.wordpress.com/2014/12/03/crowd-funded-science-thoughts-after-185-people-gave-us-10733-for-research/>
- Forbes, “Top 10 Crowdfunding Sites,” 2013:  
<http://www.forbes.com/sites/chancebarnett/2013/05/08/top-10-crowdfunding-sites-for-fundraising/>
- Non Profit Times, “Crowdfunding in Every Day Giving,” 2015: <http://www.thenonproffitimes.com/news-articles/crowdfunding-in-every-day-giving/>